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U.S. to Move Ahead on Plan To Sell Arms to Taiwanese

By Don Oberdorfer
Washington Post Service

WASHINGTON — The Reagan administration, in a move that may precipitate a showdown with China, plans to submit to Congress soon a long-delayed proposal for a \$77-million arms sale to Taiwan.

Plans for the submission, disclosed to key lawmakers in recent days, came amid a continuing deadlock in negotiations between Washington and Peking about arms sales to Taiwan.

China has threatened a reduction of diplomatic and political relations with the United States, including withdrawal of ambassadors from the two capitals, unless a satisfactory solution is found.

Vehement Objections

The proposed sale of spare parts to Taiwan, announced Dec. 28 by the State Department, drew vehement objections from Peking. But further action was set aside during the negotiations, which began in mid-January.

U.S. specialists on China said the decision to move ahead is likely to make an agreement with Peking more difficult and might even cause the Chinese to break off the talks and follow through on its threats.

The administration, in deference to Taiwan and its supporters in the United States, earlier set an informal deadline of the end of March for submitting the arms package to Congress. According to one ac-

count, the administration plans to send the proposal to Capitol Hill before the congressional recess begins April 9.

A senior State Department official refused Saturday to confirm or deny the reported decision to move ahead. The official said that the discussions with Peking are continuing and that efforts, which he would not describe, are being made to resolve the issue.

Recent private and public signals from Peking, including statements attributed to Deng Xiaoping, who is recognized as the nation's most powerful leader, have indicated a hardening Chinese position. Because of this and other evidence, U.S. officials think that the Taiwan arms issue has become part of an internal power struggle touched off by Mr. Deng's drive for sweeping administrative reforms and a purge of the bureaucracy.

Last Thursday, Mr. Deng, whose title is deputy chairman of China's Communist Party, was quoted in unofficial press reports as telling Pricer Norodom Sihanouk, the former Cambodian chief of state, "We cannot accept the U.S. way of handling the Taiwan issue. We have no room for maneuver on this question. If things really cannot go on like this, then relations should retrogress. What is so terrible about that? I think the Chinese nation will continue to exist."

According to the press accounts, Mr. Deng added, "We are now

waiting to see; we are prepared for all eventualities."

On Friday, Armand Hammer, the American industrialist, quoted Mr. Deng after a meeting with him as saying that there can be "no compromise" on the Taiwan issue. Mr. Hammer, who signed a contract the day before for development of a vast Chinese coal-mining venture, suggested that a cooling of political relations might not affect economic relations between the two nations.

Global Stakes

But there is considerable doubt in Washington that a deterioration could be limited to specific areas. U.S. diplomats have told their Chinese counterparts, according to a well-informed source, that potential reprisals could increase pro-Taiwan sentiment in the Reagan administration and among voters, leading to U.S. gestures and actions favorable to Taiwan. Such moves, in turn, could bring a deepening U.S. crisis with Peking.

The global stakes in all of this involve the Chinese weight in the strategic balance between the United States and the Soviet Union.

President Leonid I. Brezhnev of the Soviet Union called on China last Wednesday to set aside two decades of hostility and join in steps toward reconciliation. Chinese statements issued Friday, however, seemed to spurn Mr. Brezhnev's proposal.

Bangladesh Coup Leader Promises Constitution, Elections in 2 Years

By Tyler Marshall
Los Angeles Times Service

DACCA, Bangladesh — Lt. Gen. Hussain Mohammed Ershad, who seized power Wednesday in a bloodless coup, has promised a new constitution and elections within two years.

Addressing foreign journalists Saturday at Dacca's military headquarters, Gen. Ershad also said his martial-law regime would conduct a complete overhaul of the country's administrative system, which he labeled as a prime cause for corruption.

He cited the corruption and a breakdown in law and order as the major reasons for the takeover, which ended the five-year term of President Abdus Sattar barely four months after his landslide election victory in November.

The military government said Sunday that 567 persons, including five former cabinet ministers and a top official of the former ruling Bangladesh Nationalist Party, have been arrested since the coup Wednesday.

5 Ministers Sought

Five other former ministers have been ordered to report immediately to the military rulers or face confiscation of their property and trial in absentia, the government said.

Gen. Ershad said public trials of those already arrested would begin

soon. Under the martial law regulations, those convicted could face the death penalty.

But Gen. Ershad said specifically that Mr. Sattar would not be arrested. "He was an honorable man, but was unable to run his party or give leadership to the nation," Gen. Ershad said of Mr. Sattar. "The people had lost hope."

He also said at a news conference Saturday that a government campaign against corruption would continue.

President Sworn In

Earlier in the day, Gen. Ershad's chosen president, Abul Fazal Mohammed Ahsaouddin Chowdhury, was sworn in at a ceremony attended by senior military officers and members of the diplomatic corps.

Little is known about Mr. Chowdhury, a 66-year-old retired supreme court justice. Gen. Ershad admitted he would be given virtually no real power.

The 52-year-old general justified his coup, Bangladesh's fourth in 11 years, on grounds that the inaction of Mr. Sattar's government had threatened the nation's sovereignty.

Citing a lack of opposition to the takeover and a box full of telegrams congratulating him on his action, Gen. Ershad claimed his martial law represented the will of the people.

He set a time limit of two years

to end corruption, to restore law and order and to begin dealing with the country's economic and development problems.

Gen. Ershad indicated that a new constitution, formalizing the military's role in the political process, might be submitted to a referendum. He voiced uncertainty about how the new political system might be shaped, but emphasized that the military must play its role.

"They feel they created the nation and that their views should be heard in its affairs," he said of the members of the 60,000-member Bangladesh Army.

The 10-year history of Bangladesh has been marred several times by violence launched by disaffected army officers. Its first leader, Mujibur Rahman, was killed in August, 1975, by a group of rebellious majors, and President Ziaur Rahman was assassinated in May by officers led by a dissident major general.

Almost since Gen. Zia's death, Gen. Ershad has urged a formal role for the army as the only way to end discontent within the ranks. Mr. Sattar's resistance to the idea was viewed by political analysts as one reason why Gen. Ershad moved against him.

Gen. Ershad also did not rule out the possibility that he might enter political life when his term as army chief expires in 1984.

"Our position is clear," Joaquín Ventura, a commander of the group known as the Organization of People in Arms, said in an interview published here Saturday. "We reaffirm the decision of the people to continue the fight for the fundamental rights of every human being — the right to life, to work, to health, to dignity and to education."

Guatemalan leftist elites, however, expressed concern in private that the popular relief at the overthrow of Gen. Lucas and the promise of future changes would result in a weakening of support for the revolutionary movement.



Thousands of Salvadorans wait patiently in lines outside a voting precinct in the capital. The streets were heavily patrolled and mostly quiet, but most people ventured out only to vote.



Civilians help a wounded soldier to safety after a shootout Sunday in a San Salvador suburb.

16 Are Killed As El Salvador Holds Election

From Agency Dispatches
SAN SALVADOR — At least 16 people had been killed by noon Sunday in street fighting in San Salvador in a violent start to El Salvador's elections for a constituent assembly, witnesses said.

They said the bodies of 12 leftist guerrillas had been dragged from a polling station in the suburb of San Antonio Abad. Security forces said two soldiers were killed in a battle to retake the station before polls opened.

In the shantytown of Cuscatancingo, near the center of the capital, two bodies lay in the road. One was that of a girl in military clothing.

Within 20 minutes of the end to the fighting, people left their homes to join thousands of others already lined up at polling stations in the capital.

They were undeterred by the fighting or bomb explosions, at least six of which were apparently designed to keep people off the streets and away from the polls in line with guerrilla threats to disrupt voting rather than to cause damage.

Heavy Shooting

The vote never got under way in at least one town, Usulután, where military sources said heavy shooting was preventing people from leaving their homes. Heavy fighting was reported and transportation disrupted in the town, which is in eastern El Salvador.

In San Francisco Gotera in the guerrilla stronghold of Morazan province, heavy shooting was reported and residents said by telephone they were afraid to go out.

But by noon, Usulután was the only city in which a serious guerrilla attempt to take and hold a polling center had been reported. Many cities reported calm, and other leftist activity appeared to be sporadic.

The military-civilian junta, calling it El Salvador's first free election in decades, urged people to vote as a way to legitimate their government and take a first step toward ending a two-year war in which more than 30,000 people have died.

The 60-member constituent assembly will have authority to rewrite the Constitution and name an interim government, including

a president, to govern until new elections. The country's last popularly elected government, chosen in 1977, was overthrown in a coup in 1979.

Major Contenders

The major contenders are President José Napoleón Duarte, leader of centrist Christian Democrats, and Roberto D'Aubusson, an ultrarightist who is the leader of the Republican Nationalist Alliance. Four other rightist parties in the race are potential power brokers in a coalition if the bigger parties fail to win a majority.

A heavy turnout was reported in some districts where there had been shooting earlier in the morning. In the poor neighborhood of Mejicanos, voters waited in lines for hours.

The Reagan administration strongly supported the election. Eight U.S. observers were among 200 sent from different nations to see if the elections were free and fair.

Mr. Duarte said a strong showing by the Christian Democrats would strengthen their efforts to control military elements whom they blame for excessive violence. The party said it was trying to remove a cause of the leftist rebellion by land redistribution.

Two foreign journalists were wounded in Sunday's fighting, a Chilean cameraman and a Uruguayan.

U.S. Favors Talks

WASHINGTON (Reuters) — Secretary of State Alexander M. Haig Jr. said Sunday that the United States favored talks between whoever won the election in El Salvador and leftist guerrillas.

"We have never been averse to that here in the United States and we would favor such an outcome," he said in a television interview.

Deane R. Hinton, the U.S. ambassador to El Salvador, said in a separate television interview that a guerrilla threat to disrupt the elections had "fizzled out."

"I believe things are under control and that we have a massive turnout," he said.

Mr. Haig said that whatever government emerged in El Salvador, it would have to continue social and economic reform to retain U.S. support.

Guatemalan Rebels Vow to Continue Fight Despite Coup

By Alan Riding
New York Times Service

MEXICO CITY — Main Guatemalan guerrilla groups have vowed to continue their revolutionary war despite the ouster of the hard-line regime of Gen. Romeo Lucas García last Tuesday.

Spokesmen for the Guatemalan National Revolutionary Unity, which brings together four Marxist rebel groups, said the coup headed by Gen. Efraín Ríos Montt had brought only "a change in the facade" of the regime but promised no fundamental differences.

"Our position is clear," Joaquín Ventura, a commander of the group known as the Organization of People in Arms, said in an interview published here Saturday. "We reaffirm the decision of the people to continue the fight for the fundamental rights of every human being — the right to life, to work, to health, to dignity and to education."

Guatemalan leftist elites, however, expressed concern in private that the popular relief at the overthrow of Gen. Lucas and the promise of future changes would result in a weakening of support for the revolutionary movement.

But they also said that any relaxation of official repression would permit the growth of the leftist opposition, which would in turn radicalize the new military government toward the right.

Although leftist guerrillas have been active intermittently in Guatemala for the last 20 years, they grew dramatically, in both numbers and military strength, during the Lucas government. The four groups are believed to have some 6,000 men and women in arms and the support of an important segment of the rural population.

Gen. Lucas' strategy of attacking the political base of the guerrillas in the mountain communities of western Guatemala also had the effect of forcing many Indians, who make up over half the country's 7.5 million population, to join the rebels. Today, a majority of the guerrillas are believed to be Indians.

Further, over the last three years, the guerrillas have moved toward a political alliance with political parties that are non-Marxist and hope for change, unions and Roman Catholic Church groups,

whose leaders have been assassinated or forced into hiding or exile by official repression.

The entire leftist and liberal opposition boycotted the March 7 elections, which were won by the army's candidate, Gen. Angel Anibal Guevara, after loud charges of fraud from the three losing civilian candidates.

Guatemalan leftists nevertheless anticipated the possibility of a military coup, which they would be prompted by the Reagan administration to justify a resump-

tion of U.S. military aid to help combat the guerrillas.

Last week, rebel spokesmen immediately rebuffed the United States with plotting the coup. "It was necessary to change the facade of the government for international consumption, so that economic, political and military aid could continue," said Silvia Suárez, a representative of the Guatemalan National Revolutionary Unity.

"The new group has promised to carry out democratic changes and head a reformist government," she said, "but in Guatemala, no real reforms are possible without revolutionary changes, because, otherwise, they would affect the interests of the oligarchy and the dominating classes."

The opposition's apparent fear of social and economic changes was also reflected in a statement issued by the so-called Patriotic Front, a largely peasant organization that supports the guerrillas. "The plan of government that will be presented by the new regime will have a reformist tint aimed at confusing the people," it said, "but we have chosen our path and it is that of the revolutionary popular war."

outside the council chamber that the Mexican foreign minister, Jorge Castañeda, had informed the Nicaraguans of the U.S. agreement last Monday in Managua.

The United States accuses Nicaragua of serving as a conduit for Cuban and Soviet arms to guerrillas in El Salvador. Nicaragua charges that the United States is trying to overthrow the Sandinista government by equipping armed exile bands who engage in raids and sabotage.

But the Nicaraguan foreign minister, Miguel D'Escoto, said that the Mexican account matched his understanding. Mr. D'Escoto said

Mexico Says U.S. and Nicaragua Plan Talks

New York Times Service

UNITED NATIONS, N.Y. — The United States and Nicaragua will meet "at a high political level" in Mexico City next month, the Mexican government has announced.

The disclosure was made Friday to the UN Security Council by Porfirio Muñoz Ledo, the Mexican delegate. There have been previous reports that U.S. and Nicaraguan representatives would meet soon in an effort to ease the crisis in Central America, but this marked the first official announcement.

U.S. officials would not confirm Mr. Muñoz Ledo's statement, and Jeanne J. Kirkpatrick, the U.S. delegate, declined comment. In Washington, the State Department said, "The announcement is premature. No such meeting has been agreed to."

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White House Eases Budget Stand

By Steven R. Weisman
New York Times Service

WASHINGTON — Edwin Meese 3d, the White House counselor, has declared that President Reagan was no longer committed to the budget he submitted last month and was prepared to negotiate basic changes to reduce the deficit with Republicans and Democrats in Congress.

In the most explicitly conciliatory statement by the Reagan administration, Mr. Meese also said Friday that the \$91.5-billion deficit projected in early February had grown and required changes in the administration's budget posture.

"Some changes are necessary because during the time the budget has been up there, the potential deficit has grown," Mr. Meese told a session of the National Health Council.

He added, "we are looking for areas of agreement" with Congress and that, right now, the administration was engaged in a process of "trying to get all the various proposals on the table."

At the White House, officials said Mr. Meese's comments did not necessarily signal that Mr. Reagan was ready to make concessions now, particularly on his insistence on sizable military spending increases and the preservation of the three-year personal tax cut enacted last year.

But an aide to Mr. Reagan said Mr. Meese was merely making explicit what was implicit in the fact that James A. Baker 3d, the White House chief of staff, had already begun private discussions with Democratic congressional leaders. "Meese is saying what we've been saying in code all week," said a White House official.

Mr. Meese's comments came as aides at the White House and

some senators and representatives expressed optimism that a budget compromise could be hammered out some time between Easter and Memorial Day at the end of May.

"I'm beginning to feel a sense of bipartisanship on both sides," said Sen. Paul Laxalt, the Nevada Republican who is Mr. Reagan's closest friend in Congress. "It makes (Continued on Page 2, Col. 5)



DIGGING IN — Veterans break ground for the Vietnam Veterans Memorial near the Washington Monument.

On U.S. Farms, 'Depression' Is Heard Again

By Gregory Jaynes
New York Times Service

COLUMBIA, Mo. — In barnyard angst or the drier language of the economist, the talk from the Middle West, the High Plains and the Rocky Mountains this spring is that the U.S. farmer has not faced such a crucial year in nearly half a century. On many an agrarian tongue is the word "depression."

Farm sales — liquidation of assets to pay off debts or merely to keep credit payments current — are being held in record numbers, and bankruptcies and foreclosures have soared.

"For everyone being foreclosed," said Harold Bremyer, a University of Missouri agricultural economist, "there probably are 10 who are on the brink and ought to be — out in a moral sense but in a balance-sheet sense at present prices. There is an enormous amount of gambling that conditions will improve. There are literally thousands who cannot survive another low-income year."

In Denver, John Stencel, presi-

dent of the Rocky Mountain Farmers' Union, said, "production credit associations, co-ops, the Federal Land Bank, those people tell me that by this fall half of their borrowers could be in trouble. I always ask them what they mean by trouble, and they say, 'Well, half of our borrowers might not be able to continue.'"

In Knoxville, Iowa, Richard Hixson, vice president of the Iowa State Bank and an auctioneer at farm sales, said, "I booked four sales last night on the phone and listed two more today. I'd say that's five times as many as I was handling a year ago."

Loan Payment Delinquencies

The national rate of delinquency on payments of loans from the Farmers Home Administration now stands at 58 percent, the highest in memory.

The U.S. Department of Agriculture estimates that the 2.4 million farmers in the United States were \$194.5 billion in debt on Jan. 1. That is more than double the debt of 1975. In the same period,

farm expenses have risen from \$75.9 billion in 1975 to \$141.5 billion in 1981. Net farm income, pumped up by Soviet grain purchases, stood at \$24.5 billion in 1975. Last year, net farm income was \$22.9 billion.

"If you take 1980 and 1981," said a source in the Farmers Home Administration, a Democrat who declined to be identified, "it's the first time since 1933 and 1934 you had back-to-back years in which the cost of producing on the farm was more than what the farmer got for growing it. You're talking about \$2.75 corn and \$4.25 to \$4.75 to produce it."

"Now," he continued, "one thing that has sustained this is they could hook their land, but now the price of farm land is softening. Now the banks and the farm credit system are saying, 'You used up all your credit and we're not going to be able to provide financing.'"

"With interest rates what they are now," he said, "people who don't farm can postpone borrowing, but the farmer has to go to that well every spring to borrow

for fuel and all the other things that go into making a crop. Either that or fold up."

Between Oct. 1 and Jan. 31, the Farmers Home Administration had 871 "voluntary liquidations," meaning the farmers sold out to satisfy debts, and it foreclosed on 421 farms. In all of 1980, the government agency had 127 voluntary liquidations and 133 foreclosures.

Mr. Bremyer, the agricultural economist, said that if "we're to guess I'd say that a fourth of all the farmers are in trouble, are on a fairly thin edge financially."

"There is a further element," he continued. "About half of all farmers own substantial off-farm income, full- or part-time jobs or the wife has a job, and the industrial recession is costing quite a few of those jobs. But the most exasperating human aspect is that farmers being forced off their land will have a difficult time getting an off-farm job. I'm a veteran of the Depression of the Thirties, and the signals, the marks, the similar traits and characteristics are distressing."

INSIDE

Israeli Crackdown

Israeli declared that its security forces' crackdown on protests by West Bank Palestinian nationalists will continue "without demerit." Page 2.

Allies Criticized

West Europe and Japan were criticized by members of the U.S. Senate Armed Services Committee for the size of their defense contributions. Page 3.

French Industry

France, hoping to join the United States and Japan as a technological power, is planning to revitalize its industry. Page 7.

Black and White

A Parisian fashion revival harks back to the 1950s, when dresses were black and poodles were white. Page 6.

Weinberger Tells Japan It Must Boost Its Role In Defense of Region

By Michael Getler
Washington Post Service

TOKYO — In private meetings that could have a major impact on U.S.-Japanese military relations, U.S. Defense Secretary Caspar W. Weinberger told Japan's top leaders that it is hard to maintain U.S. support for the defense of Japan because of a perception that Tokyo is not carrying its fair share of the financial and military load.

Mr. Weinberger ended a three-day visit here Saturday with three hours of meetings with Premier Zenko Suzuki and Defense Minister Soichiro Ito. Judging from an account of those meetings provided by a senior U.S. official and from others, they were marked by considerable candor and a sense of urgency on the part of the United States.

Explaining why he thinks Japan needs to increase its preparedness, Mr. Weinberger is said to have mentioned the calls in Congress for various actions to be taken by Japan, the links that some now make between trade problems and defense, and even calls to bring home American troops.

Mr. Weinberger, the officials said, registered great opposition to all such suggestions or linkage. But the fact that he mentioned them directly suggests that the discussions now are down to basic issues.

Mr. Weinberger said, according

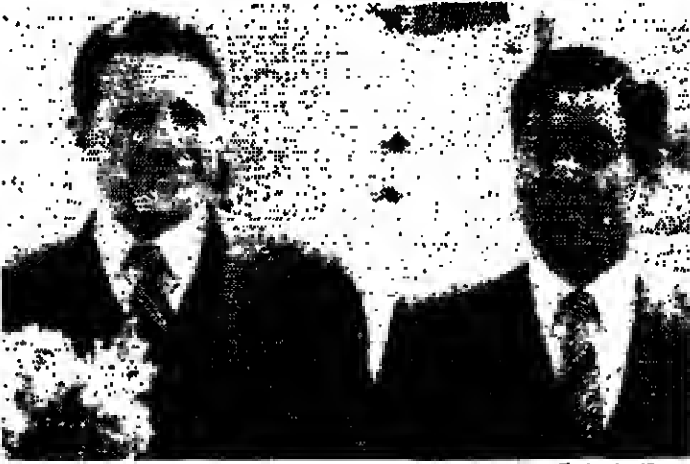
to the official, that the United States could fulfill its defense role in Asia far more effectively and with greater value to Japan if the Japanese would play a greater defense role in the Northwestern Pacific.

"That is unquestionably the fact," the official said. "But you don't help that problem by threatening to bring our forces home if some fixed objective isn't achieved, as has been threatened in Congress. We emphasized that, much as we disapprove of some isolationist attitudes sometimes expressed, it was important to understand that they are being expressed."

No Specific Demands

Mr. Weinberger has said publicly that he is pleased with the 7.8-percent increase in the Japanese military budget this year, even though Japan still spends less than 1 percent of its gross national product on defense. But he also said that greater increases will be required for several years if Japan is to fulfill Mr. Suzuki's assertion that the country should be able to protect its homeland and the air and sea lanes out to 1,000 miles (1,600 kilometers).

The senior official, who asked not to be identified, stressed that Mr. Weinberger did not make any specific budgetary requests of Japan.



U.S. Defense Secretary Caspar W. Weinberger is met Sunday by his South Korean counterpart, Choo Young-Bock, in Seoul.

pan or demand that a certain share of gross national product be devoted to defense.

The Japanese, according to the official, agreed that they face a threat from the growing Soviet presence in the region. But Mr. Suzuki is understood to have offered no assurances on the size of future military budget increases.

The official said the Japanese have not finished making cost estimates for a new five-year defense plan but that this will be discussed with the Americans at a meeting in June in Hawaii.

Mr. Weinberger's efforts here are considered delicate but extremely important. The Japanese constitution limits Japan's military to a self-defense role, and there remains considerable hostility in some quarters to any resurgence of the military.

However, as the increase in the

Peking Jails Editor Over Secrecy Leak

Reuters

PEKING — A senior Chinese journalist has been jailed for five years for leaking state secrets to foreigners, the People's Daily reported Sunday. The newspaper warned readers to beware of spies among the foreign community.

The paper said Li Guangyi, a former editor of the biweekly China Finance and Trade Journal, had divulged to foreigners the details of an important Communist Party meeting held last summer. It did not identify the foreigners, who it said used flattery to gain Mr. Li's confidence.

The paper said in a commentary, "We should be warm in contact with foreigners, but we should also be careful to distinguish between foreigners and Chinese."

It advised readers to "maintain high vigilance against a minority of foreign agents, spies and infiltrators with ulterior motives who steal secret information about party and state activities."

Details of Party Congress

The Peking high court had upheld the sentence imposed on Mr. Li, 64, by an intermediate court in February, the paper said. The maximum sentence for leaking state secrets is seven years.

The paper said Mr. Li had leaked to the foreigners details of discussions at the sixth plenum of the 11th party congress in June, at which it was decided to replace Mao's successor as party leader, Hua Guofeng, with the pragmatic Hu Yaobang.

Mao was criticized severely by officials at the meeting for launching the Cultural Revolution.

The daily said Mr. Li also had divulged details of a meeting last March of the Standing Committee of the National People's Congress, China's parliament, at which Geng Biao was appointed defense minister.

In a separate article, the paper quoted Ren Zhongyi, the Communist Party chief in Guangdong province, as saying last Thursday that despite the dangers of "imperialist and all kinds of reactionary influence," not all foreign and overseas Chinese businessmen were dangerous.

"Even among foreign and Hong Kong businessmen who are only interested in making money, many respect our laws and conduct regular trade," he added.

Israel Vows to Continue West Bank Crackdown

By William Claiborne
Washington Post Service

JERUSALEM — The Israeli government declared Sunday that its security forces' crackdown on protests by West Bank Palestinian nationalists will continue "without demerit," and that no disturbance of law and order will be tolerated.

The sharp warning by the Israeli Cabinet was made as the security forces braced for an expected wave of riots in the West Bank and Gaza Strip to coincide Tuesday with demonstrations by Arabs living inside Israel proper to mark "Land Day," a commemoration of a 1976 protest against land expropriation in which six Arabs died.

The Cabinet, after listening to a review of last week's West Bank disturbances, in which six Palestinians and one Israeli soldier were killed, declared that the government is determined to maintain law and order in the occupied territories.

"Arab residents of Judea and Samaria (the biblical names for the West Bank) and the Gaza district who observe the law and keep the peace will be guaranteed their safety and accorded all possible help. No act of violence or disturbance of the peace or order will be tolerated," the Cabinet said in a communiqué.

Meanwhile the army command reported that three Palestinians were wounded, two seriously, in the village of Ya'bad near Jenin, when an Israeli Army patrol

opened fire after being attacked by youths with Molotov cocktails and knives.

As scattered disturbances continued to protest the summary dismissals of three West Bank mayors by the occupation government, security forces implemented some measures that appeared designed to head off further protests.

Distribution of the three Arabic-language daily newspapers published in East Jerusalem was banned in the West Bank, and the mayor of Nablus, Bassam Shaka, was ordered to remain in his home until disturbances cease. Mr. Shaka, one of the three mayors deposed last week for allegedly inciting protests, was not technically under house arrest, army command spokesman said, but he is also not free to leave his home.

Similarly, the mayor of Ramallah, Karim Khalaf, who also was deposed, was ordered by the army to remain in his summer home in Jericho. He said security officials said they sought to keep him from meeting members of his city council and "causing trouble." He denied trying to organize protests.

Mr. Khalaf accused the military government of deliberately provoking West Bank violence on March 18 by dismissing the mayor of Al-Bireh, Ibrahim Tawil, as a means of justifying the dismissals of himself and Mr. Shaka.

He said he and members of his family were being harassed by security forces. Several days before his dismissal, Israeli soldiers posted a sign at the entrance to a family-owned Jericho restaurant declaring it off limits to Israeli military personnel, he said. The purpose of the sign was to discourage foreign tourists from entering the restaurant, Mr. Khalaf intimated.

The pro-Communist Committee for the Defense of Arab Lands has called for a one-day strike Tuesday of all the 500,000 Arabs who live in Israel proper, while broadening the Land Day protest this year to include Israel's policies in the West Bank.

Prime Minister Menachem Begin's Arab affairs adviser, Benjamin Gur-Aryeh, called on Israeli Arabs not to participate, saying, "We must take care that maybe some provocateurs from the extremists will try to make a confrontation between security forces and their people. We will act according to the law, and will act firmly."

Meanwhile security forces arrested three members of the Nablus town council for encouraging protests and warned all municipal employees of Nablus that if they do not return to work under the Israeli officials who were appointed to replace Mr. Shaka, they would be subject to arrest and up to six months in prison.

Bolivian Landslide Kills 25

LA PAZ — Twenty-five persons were killed in a remote southern Bolivian village by a landslide that followed a tremor, national newspapers in La Paz reported Sunday.

view published Friday, Mr. Kennedy was quoted as saying, "We repeatedly have voiced the view that prosecution must proceed. No one has said these indictments cannot be returned, but it is still a matter of concern and debate in Washington."

Mr. Kennedy said he realized the concerns of the CIA "must be factored in," but added, "I'm concerned about the victims — car owners or the insurance companies that paid off claims."

U.S. officials said evidence im-

placating Mr. Nassar in the case appeared last July following the indictment of 28 Mexicans in San Diego. The Mexicans, including three agents of the Mexican security agency, were charged with stealing nearly 600 cars in Southern California and shipping them to Mexico, according to the Justice Department.

Fourteen of the suspects, arrested when they crossed into the United States last July, were convicted last fall, according to the Justice Department. The other 14 remain at large.

U.S., Citing CIA Concerns, Blocks Indictment of Mexican Ex-Official

By Philip Taubman
New York Times Service

WASHINGTON — The Justice Department has blocked the indictment in San Diego of a Mexican because he was an important intelligence source, according to department officials.

The U.S. attorney in San Diego, William H. Kennedy, charged Friday that since last November Justice Department officials have withheld approval to prosecute the man, a former chief of Mexico's Directorate of Federal Security. Mr. Kennedy said that the U.S. CIA described him as its "most important source in Mexico and Central America." The Mexican is a suspect in a case involving nearly 600 stolen cars.

Senior Justice Department officials confirmed Mr. Kennedy's account but said that they were angered by his comments and that he may be fired.

Aid to Guerrillas

Department officials said the suspect, Miguel Nassar Haro, started sharing information with the United States when he became head of the security agency in January, 1977. Mr. Nassar, whose whereabouts are unknown, resigned in January. Mexican sources said the resignation was unrelated to the car case.

Mexican authorities reached by telephone Saturday said sensitive information about Soviet and Cuban aid to Central American guerrillas had been passed on to Washington by Mr. Nassar. The authorities said the Mexican agency routinely monitors the activities of guerrilla leaders from El Salvador and Guatemala who use Mexico as a base.

The CIA fears that publicity about the case will force the Mexicans to limit their intelligence cooperation with the United States, according to Justice Department officials.

According to senior U.S. law enforcement officials, the CIA was willing to continue sharing information with Mr. Nassar after he was implicated in the car case in California.

No Angel

"We knew he was no angel," said one official, "but you don't have much choice. You can't tell the Mexicans how to run their government. A lot of times we don't like their methods, but when you need information, you take what you can get."

In a San Diego newspaper interview published Friday, Mr. Kennedy was quoted as saying, "We repeatedly have voiced the view that prosecution must proceed. No one has said these indictments cannot be returned, but it is still a matter of concern and debate in Washington."

Mr. Kennedy said he realized the concerns of the CIA "must be factored in," but added, "I'm concerned about the victims — car owners or the insurance companies that paid off claims."

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placating Mr. Nassar in the case appeared last July following the indictment of 28 Mexicans in San Diego. The Mexicans, including three agents of the Mexican security agency, were charged with stealing nearly 600 cars in Southern California and shipping them to Mexico, according to the Justice Department.

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Changes Hinted as Hanoi Party Opens Meeting

By William Branigan
Washington Post Service

BANGKOK — Vietnam convened a rare congress of its Communist Party in Hanoi during the weekend amid indications of changes in the aging leadership, a party purge and ratification of more liberal economic policies.

According to Western diplomats here, there have been indications from Hanoi in the weeks preceding the congress — only the fifth since the party was founded in 1930 — that Le Duan, 74, would retire as party general secretary, a post he has held for 22 years.

Most frequently mentioned as his successor has been Le Duc Tho, 72, the former chief negotiator at the Paris peace talks and political architect of the Communist takeover of South Vietnam.

No Changes

There has been speculation that Le Duan would move up to the more honorary post of party chairman, which has been vacant since the death of Ho Chi Minh in 1969. According to Western diplomats, leadership changes are unlikely to affect Vietnam's foreign policy, on which there is no significant debate within the Communist Party.

In an address to the congress broadcast by Radio Hanoi on Saturday, Le Duan admitted to many errors in leadership and economic shortcomings in the country. He called for a major purge of the party membership after the congress ends in about a week.

Radio Hanoi said the congress would set economic policy guidelines for the 1980s and elect a new party central committee.

"At present our country is faced with many pressing problems on the economic front," Le Duan said. "Production has developed slowly while the population has increased at a fast rate. He added that grain, cloth and other essential consumer goods are all in short supply."

He denounced some party members for failing to "uphold revolutionary quality," adding: "We must resolutely expel from the party as soon as possible all opportunists, all those whose revolutionary spirit has been paralyzed, exploiters, smugglers, speculators, persons involved in corruption and bribery and oppressors of the masses."

Tens of thousands of the party's more than 1.5-million members already have been dropped, and there has been intense debate about whether to halt or escalate the purge. The congress originally had been scheduled for December, but debates on domestic issues delayed it, diplomats said.

According to diplomatic reports from Hanoi, a new economic policy already has been hammered out in a series of unusually polemical preparatory meetings. The Viet-

nam press has used such terms as "heated," "intensive" and "frank" to describe debates between advocates of a more pragmatic, even quasi-capitalistic approach to the economy and purists favoring orthodox Communist economics.

The pragmatists were said to have succeeded in introducing a "new economic theory" because of the dismal performance under the 1976-1980 five-year plan, and this approach is expected to be upheld at the party congress.

The main features of the new economics have been material incentives for workers and peasants and introduction of a limited free-market approach to increase food production. Production of consumer goods has also been given greater attention.

One particularly controversial feature has been the adoption of a "contract farming system" in North Vietnam allowing families on collective farms to sell produce exceeding their contract quota to the state or on the free market.

The measure is believed to have contributed to Vietnam's production of a record 15 million tons of food grains last year.

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Reagan Eases Budget Stand

(Continued from Page 1)

me feel that perhaps in the next few days the logjam will be broken."

At the White House, Mr. Reagan's position on the budget is described officially as unyielding. But starting a few weeks ago, presidential aides said they felt that the president would eventually have to accept changes in his economic program, most obviously in trimming his military spending increases.

White House officials continue to acknowledge that compromise is inevitable in virtually every area except the fight to preserve the three-year, 25 percent personal tax cut enacted last year. It is not hard for White House aides to see the ingredients of a compromise: military spending cuts; cuts in nonmilitary spending; tightening of benefit formulas in food stamps, welfare and other individual benefits, and some increases in taxes.

Put together, these pieces could go far in reducing the deficit for the 1983 fiscal year below the \$91.5 billion projected by the administration, and certainly below the \$120.6 billion projected by the Congressional Budget Office. But with the election approaching, neither side wants to take the political heat for initiating any of these steps.



Bell System

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Senators Angrily Say U.S. Needs More Help In Resisting Russians

By William Chapman
Washington Post Service

WASHINGTON — Members of the Senate Armed Services Committee have severely criticized the too small the military contributions of West European countries and Japan.

"We over hear anything but rationalizations from you for sticking American taxpayers with the bill for defending Europe and Japan," Sen. Carl Levin, Democrat of Michigan, told administration witnesses who had come Friday with prepared statements praising many of the efforts of the North Atlantic Treaty Organization.

Sen. William S. Cohen, Republican of Maine, raised the question of why the United States defended South Korea while another ally, Japan, made big trade contracts with North Korea and built a huge ship drydock for the Soviet Union.

The outburst was the latest manifestation of congressional disenchantment with a huge military budget, a large part of which helps defend allies whose rates of military spending are lower than that of the United States.

Withdrawal Threat

Sen. Theodore F. Stevens, Republican of Alaska and chairman of the Senate Appropriations subcommittee on defense, threatened earlier this month to introduce legislation to withdraw U.S. troops from Western Europe.

He was angry because of European participation in the construction of a Soviet natural gas pipeline, which, he said, would make Western Europe dependent on the Soviet Union for 20 percent of its energy.

None of the complaints has resulted in specific legislation to withdraw U.S. troops or to cut back U.S. support for Western European and Japanese defenses. A spokesman for Sen. Stevens said Friday that he was still considering a troop withdrawal amendment to the military budget but had not made up his mind.

The complaints have risen in volume almost in proportion to the deepening recession in the United States and to the bipartisan reluctance to vote for large military spending increases in a budget projecting a \$91-billion deficit.

Before his colleagues began criticizing the alliance at Friday's hearing, Sen. John G. Tower, Republican of Texas and chairman of the committee, took note of the

troop-withdrawal sentiments and acknowledged that some allies "have not borne as much of the common burden of which they are capable."

"While I am in sympathy with those who desire our friends to do more, we must never forget that Western Europe remains a vital interest of the United States and it is fundamentally in the U.S. national interest to help protect it," he said.

Deputy Defense Secretary Frank C. Carlucci defended the NATO commitment, saying that those countries provided 55 percent of total NATO ground forces, more than 50 percent of the combat aircraft and more than 35 percent of the naval forces. Those allies also contribute extensive "infrastructure," including airfields and U.S. troop billets, he said.

Sen. Levin countered with figures showing the average NATO military spending as a percentage of gross national product had declined in the past year despite a 1978 agreement to hold real increases to 3 percent annually.

Sen. Cohen said that while the United States spent 7 percent of GNP on defense, Western Europe spent less than 4 percent and Japan less than 1 percent. He said that the United States was committed to protecting the Gulf and said Western Europe was more dependent than the United States on oil supplies from that region.

Lums Criticism

ST. LOUIS (AP) — The secretary-general of NATO said Friday that Western European leaders were overreacting to a European peace movement led by what he called a small but vociferous minority.

Joseph Lums said the overwhelming majority of people in Western Europe remained determined to unite to defend against a common Soviet threat.

"The peace movement is a disturbing development but a very clear minority," Mr. Lums said. "My personal opinion is that governments give perhaps too much importance to it."

Mr. Lums, speaking before the St. Louis Council on World Affairs, also took issue with the view that Western Europe was not carrying its fair share of the defense burden. "It is a very sterile enterprise to debate from year to year just who is paying what to defend whom," he said.

U.S. Considered A-War In '59 Over W. Berlin

Reuters

WASHINGTON — U.S. officials were ready in 1959 for nuclear war in order to prevent the Soviet Union from taking over West Berlin, according to previously secret Senate testimony released Sunday.

Christian Herter, then acting secretary of state, told the Senate Foreign Relations Committee at the time that the Western powers hoped to negotiate but were ready to go to war if the Soviet Union tried to drive them out of West Berlin.

"We are in good position to meet what may be the ultimate threat," Mr. Herter testified on March 10, 1959.

"When you say ultimate threat, do you mean nuclear bombing?" asked Senator Mike Mansfield, Democrat of Montana.

"It would have to come to that," Mr. Herter replied.

Eisenhower Aides

The testimony by officials in the administration of President Dwight D. Eisenhower was made public by the Senate Foreign Relations Committee.

A former assistant secretary of state, Livingston Merchant, testified that the Soviet Union would back down if it knew "we are prepared to retaliate with everything

we have" to an attack on Western supply lines to West Berlin.

The committee chairman, J. William Fulbright, Democrat of Arkansas, asked: "You don't think we are bluffing? We are firmly convinced in our mind that we would respond to any kind of attack on a convoy with an atomic bomb?"

Mr. Merchant replied: "Sir, I can put it this way: I think it is the firm conviction of the government that if we are attacked we would be prepared to retaliate with force."

But later he said the West's military response would depend on the provocation and that nuclear war would come only if the Soviet bloc used military force to drive Western troops out of West Berlin.

Long War

Mr. Herter said nuclear weapons would have to be used because it would take years for the West to build up forces to match Soviet-bloc forces for a conventional war.

Premier Nikita Khrushchev of the Soviet Union had demanded in November, 1958, that the Western powers remove their forces from West Berlin and make it a demilitarized city.

May Willy Brandt of West Berlin called Khrushchev's move a Soviet plot to take over the city, and the Western powers rejected the demand. Khrushchev withdrew it later in 1959 during a tour of the United States.

Mr. Herter said in the testimony released Sunday: "To fight a conventional war without nuclear weapons would probably take away from one to two years. That has never been visualized."

He said he was convinced the Soviet Union would not try to drive the West out of West Berlin if it knew that would mean nuclear war.

Tehran, Baghdad Claim War Gains

Reuters

LONDON — Tehran radio reported that Iranian troops drove back Iraqi forces Sunday to put the city of Dezful, which has frequently been bombarded during the 18-month Gulf war, out of range of enemy artillery. Iraq denied the report.

The radio, monitored in London, said Iranian forces wiped out two Iraqi infantry and armored brigades in the third stage of an offensive near Dezful, in western Iran. It said Dezful and the city of Shush were out of range of Iraqi guns and that Iran had regained about 800 square kilometers (300 square miles) around Shush.

Iraq issued a statement saying that it had repulsed an Iranian offensive in the area. The Iraqi press agency quoted a military commander as saying his forces had driven back enemy troops, inflicting heavy casualties.



Walter Burch with wife, Josephine, and daughter, Nancy Jo, after a Florida judge ruled that the 6-year-old girl would be tried as an adult for allegedly hitting a 7-year-old girl.

Girl, 6, Who Hit Playmate, to Be Tried

United Press International

GAINESVILLE, Fla. — A 6-year-old girl — at her lawyer's insistence — will be tried as an adult on charges of aggravated battery against a 7-year-old playmate.

Circuit Judge R. A. Green Jr. ruled Friday that he had no legal alternative but to grant the motion by Alan Wilhite, attorney for the girl, Nancy Jo Burch.

"Both I and Nancy Jo's parents have complete faith in our jury system," Mr. Wilhite told reporters. "In a juvenile proceeding, she would have had no right to a jury trial."

Mr. Wilhite has said that the girl cannot be held accountable for criminal acts because of her age. He said he was certain that a jury would exonerate her so that she would not have a criminal record.

Nancy Jo was accused by Nancy Nickolls of hitting her daughter, Shirley Lynn, 7, twice with a stick and causing her nose to bleed on Feb. 4. "If they let her go now, in five or 10 years she might be out committing other crimes because she lost respect for the system," Mrs. Nickolls said.

If convicted of aggravated battery, a second-degree felony, Nancy Jo would face a maximum penalty of 15 years in prison. But sentencing is left to the discretion of the judge, and Ken Hebert, the chief assistant state attorney, said his office would not recommend confinement.

Mr. Hebert said he and the Nickolls family had made several offers to resolve the case out of court. "But they have been unresponsive," he said of the lawyers for Nancy Jo.

U.S. Prepares Study on Dumping Old Nuclear Submarines in Ocean

By George C. Wilson
Washington Post Service

WASHINGTON — The Navy is considering sinking its old radioactive submarines in the depths of the ocean — fresh evidence that the arms race is compounding the gigantic problem of disposing of nuclear wastes.

The Navy has five nuclear-powered submarines waiting for burial, either in the ocean or on land. More subs will soon be lined up behind them.

"With over 100 nuclear-powered submarines in operation, the Navy is faced with eventual decommissioning of these ships at a future rate of possibly three or four per year over the next 30 years, and a permanent means of disposal must be developed that is environmentally acceptable," the Navy said in a statement signaling its intention to start assessing burial sites.

One option for disposing of worn-out submarines is to take the nuclear fuel out and dump the ships in deep parts of the Atlantic or Pacific. The other is to cut out the radioactive sections housing the nuclear power plant and send them to the Energy Department's burial grounds in the Savannah River Facility, Ga., and the Hanford Facility, Wash.

A Navy spokesman said Friday that the service is preparing an environmental impact statement, which is expected to take about 18 months.

Radioactivity Remains

Although the Navy defangs its retired nuclear submarines by taking out the nuclear fuel, metal in the power plant that surrounded it stays radioactive for years. However, the Navy stressed in its formal notice, printed Jan. 14 in the Federal Register, that it would take great pains to protect the environment and did not believe radioactivity from the subs would turn out to be a high risk.

The Navy said sinking the submarines in deep water would be cheaper than land disposal. It said that if sea disposal were selected, the ship would be prepared for towing and for flooding in such a manner that it would land on the ocean bottom intact with reactor plant containment maintained.

The Navy conceded that the radioactive metal in the reactor would rust out eventually, no matter whether the submarines were buried in the ocean or on land, but it estimated that the release of radiation would be at safe, "negligible" levels by then.

If the Navy opts for sea disposal, the Environmental Protection Agency would have to grant a permit for a specific part of the ocean

— a process that could take up to three years. Administrative work for land disposal would take between one and two years.

The Navy has been investigating as potential dumping grounds an area of the Atlantic 17,000 feet (5,100 meters) deep, 200 miles (320 kilometers) southeast of Cape Hatteras, N.C., and a spot in the Pacific about 14,000 feet deep and around 150 miles southwest of Cape Mendocino, Calif.

Two U.S. nuclear submarines lie at the bottom of the Atlantic — the Thresher, lost in 1963, and the Scorpion, which sank in 1968. No one survived either sinking. There is also the likelihood that some Soviet nuclear-powered submarines have sunk.

The Navy said it has detected radioactivity from cobalt 60 in the sea bottom near the Thresher and the Scorpion but not in the surrounding water, marine life or debris. In 1959 the Navy dumped part of the nuclear power plant of the submarine Seawolf in 9,000 feet of water in the Atlantic 120 miles off the East Coast. "No significant effect on the marine environment is expected," the Navy said.

Now awaiting decisions on their final resting places are the attack submarines Nautilus, expected to stay on land as a monument, Triton and Halibut and the missile subs Theodore Roosevelt and Abraham Lincoln.

India Apologizes For Attack on U.S. Offices in Bombay

New York Times Service

NEW DELHI — The government has apologized to the U.S. Embassy here for an attack on the U.S. Consulate in Bombay, in which one assailant was killed by police.

Pendekanti Venkatasubbiah, the deputy home minister, told Parliament Friday that a mob of about 40 persons attacked the consulate Thursday afternoon with gasoline bombs, in a protest of U.S. arms sales to Pakistan. The United States and Pakistan have concluded a \$1.1-billion arms deal that includes 40 F-16 fighter planes.

The group, identified as the Free India Party, burned four cars and smashed seven others with crowbars, an embassy spokesman reported.

One of the rioters was shot and killed when Indian police guards opened fire, Mr. Venkatasubbiah added.

The leader of the protest, identified as Bando Shingre, and 30 others have been arrested and charged with attempted murder, trespassing, rioting and arson, according to reports from Bombay.

Neo-Nazis, Protesters Clash in West Germany

Reuters

NUREMBERG — Police arrested 17 demonstrators when fighting erupted at a neo-Nazi rally in Nuremberg, a police spokesman said.

Fighting started Saturday after about 1,200 protesters surrounded about 50 neo-Nazi supporters of the neo-Nazi National Democratic Party, meeting to demand the expulsion of immigrants.

Democrats Act to Increase Power Of Officeholders at Convention

By Adam Clymer
New York Times Service

WASHINGTON — Turning away from its grass-roots emphasis of the 1970s, the Democratic National Committee has voted to put potentially decisive power to nominate its next presidential candidate back in the hands of officeholders and party officials.

Without a single spoken protest and over only a handful of "nay" votes, the committee adopted rules on Friday for 1984 providing that 14 percent of the delegates to the presidential nominating convention would be chosen because of their office or party status and without being committed to a candidate.

The committee also voted to allow a candidate to win all the delegates from a single district, by deciding that state parties would no longer have to use proportional representation but could provide that voters could vote for individual delegates directly.

Enhancing Odds

This step, along with a decision to shorten the primary caucus season from the 20 weeks of 1980 to 15 in 1984, was generally seen as diminishing the chances of outsiders and enhancing the odds on the party's best-known potential candidates, such as Sen. Edward M. Kennedy of Massachusetts and former Vice President Walter F. Mondale.

Although the shift away from proportional representation drew some serious opposition, the meeting was singularly amiable, especially considering the emotions these issues have stirred in the past.

Gov. James B. Hunt Jr. of North Carolina, chairman of the party commission whose proposals were adopted Friday, said the changes were necessary if the Democrats were to be controlled by the interests of their party as a whole and not its component factions.

The once controversial concept of the uncommitted delegates drew hostility last year. Initially, it stirred fears of smoke-filled rooms and boss-run conventions, such as the 1968 convention that spurred the whole reform movement in the party.

On Friday, Charles T. Manatt, chairman of the national committee, noting that no one spoke against the concept during the meeting, called it an "idea that got more and more acceptance" as Democrats decided they needed the officeholders' participation and that the delegates needed the freedom out to be tied to a candidate in advance.

Friday's national committee vote, which went as expected, still must be implemented by actions in state legislatures or by state parties. But the history of these com-

missions, since the Democrats began rewriting the rules after every election since 1968, indicates that the rules will be followed with rare exceptions and exemptions.

A Supreme Court decision last year, holding that the Democrats could refuse to seat delegates elect-

ed in a Wisconsin primary in which Republicans could vote, clearly gave the national party authority to enforce its rules on states and state parties.

By providing that the Iowa caucuses on Feb. 27, 1984, could come only eight days before the New Hampshire primary on March 6, and New Hampshire only a week before other primaries, the party sought to diminish what Mr. Hunt called Friday "the inordinate influence these events have had in our nominating process."

Equipment Bound For Libya Is Seized Under U.S. Ban

New York Times Service

NEW YORK — More than \$1.7 million worth of cargo destined for Libya has been seized on the Brooklyn waterfront by customs officers under the Reagan administration's recent embargo on high-technology exports to Libya.

The seizure, which occurred Friday, involved water-purification and oil and gas equipment being prepared for loading aboard the freighter Rockledge. Customs officials said it was the first seizure under the new ban, which also prohibits the import of Libyan oil. The embargo became effective March 12.

Most of the seized cargo belonged to Ionics Inc. of Watertown, Mass., and Oasis Oil Co. of Libya Inc. of Manhattan. Ionics was seeking to send \$960,000 worth of purification equipment and chemicals to Libya, and Oasis Oil was trying to export \$795,500 worth of oil and gas pipelines, electric turbines and other supplies, a Customs Service spokesman said in New York.

He said it was possible the goods would be returned to the two companies without penalty, though a review procedure could lead to fines up to the full value of the merchandise.

By providing the semi-automatic representation for uncommitted congressmen and other elected and party officials, the committee sought to add what Mr. Hunt called "decision-making flexibility" to the convention, and a dose of experience and legislative responsibility to platform deliberations.

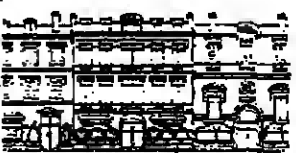
Somalia Expels Bulgarian

MOGADISHU, Somalia — The government said Sunday that the Bulgarian charge d'affaires, D.K. Yanakies, must leave the country within 48 hours. The Foreign Ministry said the expulsion was due to "interference in internal security."

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A Patek Philippe doesn't just tell you the time. It tells you something about yourself.

Path on the West Bank

Try to trace the origins of the Arab-Israeli violence on the West Bank and you are soon back in the Bible. History, not security, is the banner on both sides. Israelis claim an absolute right to settle the region no matter what its juridical status. Tens of thousands have moved among hundreds of thousands of Palestinians, who consider the territory theirs. And the Jewish settlements keep expanding, managed by ministers at least some of whom aspire to drive the Arabs out.

Where neither law nor diplomacy decides the right, dangerous emotions take hold. Whether they acquiesce in or resist Israeli rule, the Palestinians abet the Israeli design; they either deny their unhappiness or validate the use of force. And those who collaborate with the Israelis risk murder by the PLO. People placed in such a quandary are destined to become Israel's lifelong enemies.

The Israeli settlers, in turn, seem destined to live with the insecurity of conquerors. Although partition or co-administration of the West Bank is still theoretically possible, either course requires a trust that does not exist. The spreading hostility will create irresistible pressures for Israel to annex the West Bank. Hostility would become complete.

It would not have come to this had the Arabs accepted Israel when it was established in a smaller space 34 years ago. But cumulative military defeats have only inflamed their sense of deprivation. Now that many of them may be ready to settle for the West Bank and Gaza Strip, Israelis who once pressed for just such boundaries have been politically and emotionally overwhelmed in their own society.

Being the stronger now, the Israelis are pressing their advantage. The PLO's commitment to Israel's destruction blocks out every thought of generously offering the Palestinians their own homeland. Israelis shout down the idea that the security risks of dividing the

West Bank may be preferable to permanent dominion over alien people. The motive of other nations' mediation is suspect, for good reasons that start with oil.

There was a path out, but it is closing fast. The path was Camp David, a comprehensive peace between Egypt and Israel that was wrapped in a vague formula for the West Bank and Gaza. It offered the Palestinians full autonomy and a veto in the bargaining for a permanent solution. But the Arab world made the horrendous mistake of refusing even to explore the offer.

In the view of Egypt and the United States, the autonomy was to be a first step toward letting West Bank and Gaza residents determine their own future. But when none of them appeared to test the offer, Israel quickly diluted its main features. Israel insists that autonomy can apply only to people, not territory, and that the institutions of autonomy can have administrative but no legislative functions. It also insists that laws governing land and water must be Israeli and that Palestinians in Jerusalem can have no part in even a diminished autonomy.

Arabs who rejected Camp David from the start are in no position to complain of its failure now. But Egypt has had good reason to object to Israel's narrow interpretations. So has the United States. Indeed, Washington's reluctance to state what it thought autonomy meant has implied indifference and discouraged even Israeli critics of their government's cramped definition.

The Israelis are plainly uncomfortable in the role of occupiers. But many think they have no alternative. Whether they do will be learned only if the United States belatedly offers its understanding of Camp David and vigorously presses it upon both Arabs and Israelis. If it delays much longer, the last way out will be blocked.

THE NEW YORK TIMES

3 Election Messages

The triumph of Roy Jenkins and Britain's new Social Democratic Party is the most recent of three European elections conveying similar messages. Over the past two weeks there have been the French local elections, a West German state election in Lower Saxony and now a special election in Glasgow to fill a parliamentary seat. While there is no consistent movement to the right or the left, each was a vote against the party in power.

But whatever exasperation European voters may feel against their governments, it is also worth noting that there was no inclination whatever to move outside the familiar limits of conventional politics. In France, the biggest loser was not President Mitterrand's Socialist Party but its coalition partner, the Communists. Lower Saxony gave no encouragement to the far left, the opposition to Chancellor Schmidt that has sprung up within his own Socialist party. Instead, former Socialist voters turned to the small environmentalist party or stayed home.

This tendency toward the center is even clearer in the British case, and is particularly important to Britain's allies. Mr. Jenkins won in a constituency that has been consistently

conservative for two generations. A lot of voters there are clearly fed up with Mrs. Thatcher and the prolonged recession that her economic program has produced. But the traditional opposition, the Labor Party, is drifting further and further into an unappealing mixture of ideological rigidity and sentimental isolationism.

Last week's returns give plausibility to a third party on a path that moves sanely between Mrs. Thatcher's monetarism and a left that stands for no nukes, no Atlantic alliance and no Common Market. Gratification, not to say relief, will not be confined to Britain.

A postscript: It is useful to keep in mind that European politics are deeply preoccupied with domestic economies. As in the United States country, elections in Europe are being won and lost primarily on such issues as inflation, jobs, social security and public deficits. One consequence is that, for the present, none of the European governments is in a position to provide strong leadership in those matters of foreign and strategic policy about which the Reagan administration cares most.

THE WASHINGTON POST

Is the MX Plan Dead?

Something astonishing happened to President Reagan's strategic weapons program last week. The heart of it was quietly cut out by a Senate Armed Services subcommittee. This Republican-led panel, steered by John Warner, Republican of Virginia, and Gary Hart, Democrat of Colorado, voted 9-0 to put the proposed MX missile on the shelf until a basing method is found that is better than the questionable temporary method — showing the MX into old, easily targeted Minuteman holes — that the administration had settled on last fall. But whether there is a better basing method has confounded strategic and political analysts for years. The MX may be dead.

This prospect is in the first instance a major embarrassment to President Reagan, whose principal line of attack on Jimmy Carter's defense policies was that he had allowed a "window of vulnerability" to open during which the Soviets could destroy the chief land-based leg of the U.S. deterrent. The Reagan MX scheme was meant to close at least part of that window. But this may be a lesser aspect of the subcommittee's decision. It has reopened all the great strategic issues precisely as the administration encounters growing turbulence over nuclear issues at home.

Since Mr. Reagan accepted local objections as a basis for abandoning the Carter MX deployment plan in Nevada and Utah, he cannot easily overrule local objections to deploying the missile elsewhere. The old op-

tions for hiding MX can be trotted out, and new exotic ones inspected, but that will be time consuming and divisive. No less divisive would be a debate on protecting the MX by abandoning the 1972 U.S.-Soviet treaty banning missile defense. The question is bound to stir up the controversy over whether, if the MX cannot be made survivable against a Soviet first strike, the country should have land-based missiles at all.

There is also the immediate matter of the forthcoming strategic arms control negotiations with Moscow. The Senate subcommittee, though it acted for other, understandable reasons, has taken off the table one of the major items Mr. Reagan meant to put on it.

The ultimate impact of shelving the MX, however, may be on the argument the country has been having over whether nuclear forces should be maintained strictly to deter war, or whether the United States must prepare actually to fight, survive and win a "limited" nuclear war. If you cannot maintain a responsive super-accurate missile force certain to 1) survive an enemy's first strike and 2) let you retaliate against the targets of your choice, then how do you prepare for a "limited" war? You do not need to have accepted the idea of the possibility of such a limited war in the first place to see that the implications of this question are profound.

We suspect, in short, that the panel's action is a real sleeper whose consequences the country will be dealing with for years.

THE WASHINGTON POST

March 29: From Our Pages of 75 and 50 Years Ago

1907: Takeover in Honduras

WASHINGTON — Nicaragua has established a provisional government in Honduras and President Zelaya, through representatives, rules at Tegucigalpa, the Honduran capital. Instead of intervention by the United States and Mexico, they will be asked to recognize the new government. In the opinion of officials here, this ends the war. A dispatch from San Salvador says that the army of Salvador is concentrated on the frontier with war munitions and its troops have been victorious in all encounters with Nicaraguans. The armies of Salvador and Honduras have not been acting together, probably on account of jealousies between the generals, while the Nicaraguan army is said to be well disciplined.

1932: Soviet Fortifications

TOKYO — The Soviet government is stated officially to be constructing a semi-permanent entrenched fortification on the Siberian-Manchurian border in the vicinity of Pogranichnaya. Thousands of coolies from Vladivostok are said to have been impressed for the work. Pogranichnaya is directly across from the center of the revolt against the new Manchurian regime against which the Japanese are threatening to move with a punitive expedition. It is reported from Changchun that Japanese artillery and infantry have succeeded in dispersing 1,500 Chinese patriots, but at heavy costs. A Japanese airplane was shot down. At Seoul the Chinese have attacked Korean farmers.

Giant U.S. 'One-War' Strategy Is Plan for Multiwar Fiasco

By Jeffrey Record

WASHINGTON — Largely overlooked in the mounting congressional debate over the Reagan administration's proposed five-year defense plan is the new military strategy ostensibly justifying the biggest peace-time defense program in U.S. history. The strategy, enunciated mainly by Secretary of Defense Casper Weinberger and Navy Secretary John Lehman, envisages a protracted, non-nuclear war against the Soviet Union waged around the globe.

As Weinberger summed it up in a recent report to Congress, "Our long-term goal is to be able to meet the demands of a worldwide war, including concurrent reinforcement of Europe, deployment to Southwest Asia [the Gulf], and support in other potential areas of conflict." Lehman talks of a Navy able to "prevail" over "the combined threat of our adversaries" in the Pacific, Indian and Atlantic oceans.

Weinberger and Lehman reject the "one-and-a-half-war" strategy promulgated by the Nixon administration and calling for forces sufficient to defeat a Soviet invasion of Europe and a lesser enemy elsewhere. They seek to replace it by a giant "one-war" strategy, to be conducted against the Soviet Union on a series of widely separated fronts on and along the Eurasian land mass. Also under fire will be Soviet allies such as Cuba and Libya that try to assist Moscow by blocking the flow of reinforcements and supplies from the United States to fronts overseas.

The Weinberger-Lehman strategy is a tall and dangerous order. It is a recipe for a worldwide conflict with the Soviet Union that would long escape the play of nuclear weapons, the strategy is, in truth,

not a one-war strategy but a multiple-war strategy.

It is admittedly unwise to assume or hope that a shooting war with Russia could somehow be restricted to only one area of the world. A conflict that began in one area likely would expand to others. The probability of "horizontal escalation" (to use the term now in vogue in the Pentagon) cannot be ignored.

What is disturbing is the relish with which horizontal escalation is being greeted by the new Pentagon crowd. It appears to be an article of faith that geographical expansion would benefit the United States rather than the Soviet Union. The building bubbles with talk of "military opportunism" afforded by horizontal escalation, of the freedom offered by a worldwide war "to assume the offensive in areas where Soviet forces are weak" and to settle accounts with Soviet client states.

In fact, it is Moscow that would reap the benefits of horizontal escalation. In the center of the Eurasian land mass and already possessing preponderant military power directly opposite both NATO and the Gulf, the Soviet Union could move forces from one front to another far more quickly than could the United States.

Against the Soviet Union, deliberate horizontal escalation of a war is a recipe for defeat. It violates the fundamental military axiom of concentration by dispersing limited forces in the face of a larger and more concentrated adversary. To attempt to fight everywhere is to end up losing in most places, if not everywhere. To be sure, the United

States could be expected to prevail closer to home. The emotional rewards of bashing Cuba and stomping Sandinistas would, however, be paltry compensation for the loss of Europe or the Gulf.

If the Weinberger-Lehman strategy is at odds with sound military thinking, it is also palpably unsustainable without enormous increases in active-duty U.S. force levels. Such increases, which for the army alone would entail creation of at least four new divisions, would require a return to conscription. Yet neither a larger army nor abolition of the all-volunteer force is being contemplated by the administration.

The new strategy is grossly at odds even with those increases in military power proposed in the administration's five-year plan, which calls for increases in real military spending averaging 7.5 percent a year. These increases fall far short of satisfying the ambitious military objectives of the new strategy.

It is in any event highly doubtful whether the all-volunteer force can provide people sufficient in quantity and quality to man an expanded navy and air force. It is barely capable of manning the present structure, and severe shortfalls in critical skills persist. The recent upsurge in recruiting and retention rates is attributable as much to high unemployment as it is to increases in pay and benefits. And the worst is yet to come, given the decline of the military-aged cohort within the U.S. population well into the 1990s.

Equally doubtful is the fiscal feasibility of the Reagan program, especially against a

backdrop of record-breaking federal deficits, mind-boggling Pentagon cost overruns and mounting political opposition to financing military budget increases at the expense of domestic social and economic welfare programs.

In short, barring a return to conscription and a comprehensive restructuring of the economy for the purposes of war, the Weinberger-Lehman strategy will serve simply to widen a longstanding gap between U.S. military commitments and capabilities. Whatever the wisdom of a multifront, worldwide war strategy against the Soviet Union, it cannot be had on the economic and social cheap, especially against an adversary possessing a mass conscript army and willing to devote to defense 12 to 15 percent of its gross national product.

The abyss separating the administration's strategy and resources was candidly conceded by Undersecretary of Defense Fred Ikle in February. In a public statement before the Senate Armed Services Committee that the Pentagon sought retroactively to classify, Ikle admitted that "even an increase in U.S. military investments as high as 14 percent per year [in real terms], continued throughout the decade, would not close the gap in accumulated military assets between the United States and the Soviet Union until the early 1990s."

Seemingly lost on this administration is a recognition that strategy is not just a mirror of military desire. It is, like politics, the art of the possible.

The writer, a senior fellow at the Institute for Foreign Policy Analysis, contributed this article to The Washington Post.

White House Retreat on Smoking: A Crude Decision

By George F. Will

WASHINGTON — I am not squeamish — I can watch an infant eat a poached egg — but I shudder and avert my gaze when the U.S. government deals with tobacco.

The government, which is having a tad of trouble with its budget, subsidizes both the growing of tobacco and the treatment of the many illnesses tobacco causes. Recently, Department of Health and Human Services officials endorsed toughening the warning message on cigarette packages and advertising.

Currently the message is: "The Surgeon General has determined that cigarette smoking is dangerous to your health." Congress is considering requiring more specific messages, rotating warnings that would cite dangers of cancer, heart disease, emphysema and risks to unborn children — the children whom the president and many legislators, including some from tobacco states, want the government to protect with anti-abortion measures.

A few days after an administration health official testified for stronger warnings, he was back before Congress, visibly chastened, saying the administration was still undecided. Someone with a flair for understatement said the retreat reflected "the ongoing efforts of the tobacco industry."

This crude political decision coincided with publication of the surgeon general's report on smoking. The 1982 report, the most powerful since the great report of 1964, says smoking is the most important public health issue of our time and the chief preventable cause of death, and probably causes nearly one-third of all cancer deaths.

The report coincided with evidence that carcinogenic pollutants that enter the environment from industrial and other sources may be less important than once thought as cancer-causing substances.

Such evidence underscores the status of tobacco as the only known cause of a cancer epidemic.

Tobacco spokesmen, who seem to have studied the philosophy of science at the same schools where anti-evolutionists matriculate, insist that the case against tobacco is unproven because we can not yet explain the disease mechanism that makes a cell cancerous.

But given the statistical connection between tobacco use and increased incidence of particular diseases, that argument is comparable to the argument that evolution is unproven because "the missing link" is still missing. As has been well said, tens of millions of Americans have quit smoking, and not one has died because of that.

The administration retreated from the stronger cigarette warnings when accused of "Californism." Joe Califano, the former secretary of health, education and welfare, had a concept of "civil rights" as expansive as Montana, and some of his causes were as small and annoying as chiggers. But in his campaign against smoking he did no more than his duty.

Tobacco has killed, expensively and agonizingly, many more Americans than have died in all U.S. wars and traffic accidents. More than \$13 billion a year is spent on smoking-related health problems, and lost production and wages involve \$25 billion more.

Yet in 1980, candidate Ronald Reagan said (in North Carolina) that "my own Cabinet members will be far too busy with substantive matters to waste their time proselytizing against the dangers of cigarette smoking." His administration — ideologically vociferous against government-by-interest group, and emphatically "pro-life" — should be blushing.

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A Slice of the Holocaust and Crimes Against the Future

By Flora Lewis

PARIS — Forty years ago, the deportation of Jews from France to extermination camps farther east was started.

There were worse dates to remember, worse places in which to lay wreaths and stand in silence. But it is a bit easier to grasp what happened on the smaller scale of France and in the context of French history.

On Oct. 3, 1940, just a few months after the fall of France and the establishment of the Vichy re-

gime on territory that the German Army did not directly occupy, a French law was passed on the status of Jews. The next day, another law authorized the detention of foreign Jews in special camps.

The following year, mass arrests began. But it was not until Jan. 20, 1942, that high Nazi officials completed their plan for "the final solution of the Jewish question" at a secret conference beside the

Wannsee, near Berlin. Three months later, the first convoy of 1,112 people was loaded on trains at the little stations of Compiègne and Bobigny, destination Auschwitz.

Compiègne had already become a historic landmark. There, in an elegantly furnished railway car on a siding, Germany had signed the armistice with the allied commanders ending World War I. Hitler had insisted therefore that the French surrender of 1940 be delivered on the same spot.

The original car is still there in the quiet, forest-ringed clearing. There are plaques and memorials recalling the victory of 1918 but there is nothing, not a word nor a scrap, noting Compiègne's second important scene. It has been dropped down an eerie memory hole.

The third event took place on a regular platform at the station. A photograph shows a group of French officers, in the uniform they still wear, mingling with well-dressed civilian men and one German soldier standing stiffly in the background.

There is also a picture of four people peeping through a barred wire covered slot in a wooden car. Their expressions reflect more curiosity than distress, like those of ordinary passengers on a trip to a new place.

The people in that first trainload were Parisian notables who happened to be Jewish.

The same day, a trainload of refugee Jews who had been interned at a camp at Drancy was dispatched from the Paris suburban station of Bobigny.

More trains followed. On the night of July 16-17, the French police rounded up 13,152 Jews in the Paris region and herded them into a sports arena to be sent away. Of them, 4,115 were children under age 16.

Eventually, 67 convoys rattled their cargo to Auschwitz, another five to other camps. An estimated 42,000 of the deportees were gassed to death upon arrival. Only 2,446, about 3 percent of the total deported, survived to be liberated in 1945. There had been 6,200 children under the age of 12 among the deportees.

There were brief speeches, and the Jewish prayer for the dead, scheduled at two 40th anniversary ceremonies over the weekend at Compiègne and Drancy. There isn't much to say. It is too painful

to make the point that it was mostly French authorities who carried out the Nazi deportation orders, not the Gestapo or German soldiers. It is too absurd to mention the obscene campaign of those few who argue now that the Holocaust is a fabrication of Zionist propaganda and never happened.

But it is good that the act of commemoration is taking place, an acknowledgment that it can and once did happen here, anywhere, among proud and self-respecting people, an acknowledgment both of what war meant in Europe and of what defeat can mean.

Helpless Victims

That is the greatest pain now for all Europeans who have survived, of every religion and nationality. That is the terrible, wrenching debate about pacifism and neutralism and defense. That is the meaning of the need to remember old tragedies and the capacity of mankind for evil as well as for good.

In his passionate New Yorker magazine series on nuclear war, Jonathan Schell makes an analysis of great insight into the need to commemorate helpless victims of the human greed for power, whether of Hitler's Germany, Stalin's Russia, or any murderer.

The command "Never forget," so often heard in connection with the Nazis' genocidal attack on the Jews, is important, Schell says, "not only because it may help the world to prevent any repetition but because remembering is in itself an act that helps to defeat the Nazis' attempt to send a whole people into oblivion."

Just because genocide, by trying to prevent the future generations of people from being born, commits a crime against the future, it lays a special obligation on the people of the future to deal with the crime, even long after its perpetrators are themselves dead."

Nuclear holocaust, Schell argues, cannot even provide this ultimate recourse to justice because there may be no one left to do the remembering. He is right. If there is to be no future, even tragic sacrifice is lost.

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Herald Tribune

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Regarding "American Brokerage Firms in Paris Raided in Trading Investigation," (Herald Tribune, Feb. 27-28), when an American executive stated: "This is France and this is the way things work here," one is not simply sickened by this amoral response, but by these good but ignorant men's urgent need to know

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Stuttgart's Rommel and London's Livingstone: Provoking the Establishment

W. German Mayor's Candor Vexes Party

'Red Ken' Relishes Affronts to U.K. Tories

By John Vinocur
New York Times Service

STUTTGART — Success in West German politics often seems to thrive on organized vagueness and abstraction, so much so that a public figure who will have nothing to do with either can appear a bit as a man of mystery.

Under the circumstances, Manfred Rommel, mayor of Stuttgart and the son of Field Marshal Erwin Rommel, is twice intriguing. For one, he says things simply and unmistakably. More than that, though, he is a politician of enormous national potential who is consistently ignored by his party, the Christian Democrats, at a time when it seems to be edging toward power through the slow disintegration of Chancellor Helmut Schmidt's coalition.

Mr. Rommel's uniqueness is being underscored these days because a collection of his speeches — they are funny, nondescript, and almost touchingly honest — has risen to fifth place on the West German best-seller list. The event is genuinely unusual: People here, like most places, just don't spend money for a hard-cover copy of what a mayor or had to say at the opening of the Bakery and Confectioners' Convention in Stuttgart.

The success of the book is part of the Rommel mystery. He has built a strong reputation as a liberal political figure, a civil libertarian and as an efficient administrator as president of the Na-

tional City Conference, the country's association of mayors.

Four years ago a poll designated Mr. Rommel, 53, as the rising political figure with the best chance of becoming a national political leader. But no one in the party ever considered the idea. In the same way now, while the Christian Democrats elbow for places in the new national lineup that they believe might come before the end of the year, Mr. Rommel's name is rarely mentioned.

Sitting in his office, and talking about why he has not moved from city government, Mr. Rommel said: "In general in politics, you make the career you want. I'm not ambitious. It's an unbearable burden to be chancellor. Mr. Schmidt is really a good man, but look at his enormous difficulties. Beyond that, the political reality as far as I'm concerned is that federal politicians in this country have an aversion to outsiders and they're only interested in them for help if they are in mud up to their ears."

The remark caught the Rommel approach and the tones that make him difficult for his party. It is not part of the standard Christian Democratic routine to call Mr. Schmidt a really good man, any more than it is to suggest that the party's leadership positions are brokered by a political clique.

The style was like that of the book. In the collection called "Abschied vom Schlaraffenland" (nr. roughly translated, "Goodbye to the Big Rock Candy Mountain"), Mr. Rommel shows respect only for the reader's intelligence. The modern politician, he wrote, is more interested in applause than convincing or defending an idea.

A West German ambassador who knows the party well says it sees the mayor as a maverick, perhaps short on trickiness and rough and tumble, an interesting man, but one who goes his own way a half-step too far.

The best illustration of this was Mr. Rommel's confidently civil libertarian approach in 1977, the last year of the West German terrorist wave. While his party was talking about the policy of restricting such things as lawyer-client contacts, the mayor was insisting that terrorists be given normal funerals in Stuttgart's main cemetery.

The picture that developed of Mr. Rommel then was of a sensitive, extremely intelligent person, but one too far to the left for his party, and too much a man within the establishment for those outside it.

Now the book suggests that Mr. Rommel is nonconformist, and a liberal in another sense. Its themes involve having sufficient flexibility of mind for people in West Germany to realize that the days of eternal expansion are over and that a large part of the country's thought processes need correction. He also suggests that West Germany may be a bit short on authority and honesty with itself.

Mr. Rommel is not so very sure that the collection's success

is a result of its ideas, but he is convinced that readers like its approach, saying that he tries to "speak in a more understandable way than most Germans in public life do."

The liberal in Mr. Rommel has been somewhat shocked by the vehemence of the young West Germans who seem, to outsiders at least, to be anti-Western, neutralist and increasingly attracted by political romanticism. He reckons that they make up only about 10 percent of the population, but he talks about them with the concern of a man who has tried discussion and who has not had much success at it.

"These young people," he said to a visitor, "are constantly in search of some kind of dream and, I fear, it is not a democratic one."



Manfred Rommel

By William Tuohy
Los Angeles Times Service

LONDON — On the elegant neoclassic facade of the London County Hall hangs a 75-foot banner carrying a blunt message for the House of Commons across the Thames River.

The banner declares: "London's Unemployment, February, 1982: 339,785."

The display is the work of Ken Livingstone, the 36-year-old leader of the Greater London Council. Though there also is a lord mayor of the City of London, the small central commercial district, Mr. Livingstone is, in effect, the mayor of the entire London metropolitan area and its seven million people.

Mr. Livingstone, a member of the Labor Party, relishes his role as a thorn in the side of the Conservative government. Many Conservatives, for their part, consider him a municipal disaster rivaling the black death, the great fire and the wartime blitz.

"Red Ken," as the Conservative press calls him, has been in office less than a year, but he is easily the most controversial leader the Greater London Council has ever had.

He boycotted Prince Charles' wedding last summer. He has urged British troops in Northern Ireland to lay down their arms. His most recent joust with the Conservatives involves the financing of London Transport, the city's network of bus and subway lines.

In line with a Labor Party

campaign promise of last spring, Mr. Livingstone ordered transport fares cut by as much as 50 percent. This was popular with subway riders, but the deficit would have had to be made up by real-estate taxpayers, who were incensed.

Conservative members of the council appealed to the Law Lords, in the House of Lords, who decides such questions, and Mr. Livingstone was overruled. As a result, fares were doubled last week.

In typically colorful language, Mr. Livingstone described as "vandals in ermine" the lords who ruled against him. He added: "The law as it affects London Transport is an ass and must be changed."

In Defense of Rioters

Toward that end, he has launched a "Keep Fares Fair" campaign to persuade the 92 members of Parliament from Greater London to vote for a special subsidy that would keep transport fares down.

Since his selection as leader by the Labor members of the council, who took over from the Conservatives last May, Mr. Livingstone has been a contentious figure, partly because of his habit of speaking out. He has defended city rioters and Irish Republican Army terrorists.

Last summer, Mr. Livingstone warned: "I fear that within 10 years there will be a coup, and that gays, trade union activists and left-wing politicians will be led off to the gas chambers."

The potential for a takeover, he argued, is contained in the military and police experience in combating urban terrorists in Northern Ireland.

When pressed, he conceded that he does not know any general personally because, as he puts it, "the left and the military don't have good links."

Radical, Not Marxist

Mr. Livingstone believes Anthony Benn, the Labor Party militant, would make a fine prime minister. "It would be a tremendous boost if Benn could be elected prime minister," Mr. Livingstone said recently. "That, I think, would give the people a tremendous amount of hope."

Mr. Livingstone said he is not a Marxist. "I always emphasize that I am a radical," he has said. "But socialism is impossible to achieve without free elections, so that rules me out as a Marxist."

A pleasant and witty man, Mr. Livingstone dresses in neat suits and lives in a small \$38-a-week apartment that is well within the reach of his salary of about \$5,900 (\$10,500 a year). He and his wife are separated.

He was born in 1945 in south London to a merchant seaman and a music-hall dancer. He attended local schools, then a teachers college.

A Gamble

He worked as a medical research technician and was elected a full-time city council member in 1973.

In last May's election, Mr.



Ken Livingstone

Livingstone gambled by switching from his safe Labor seat in Hackney to a marginal one in the area near Paddington Station. He won.

If Labor won Paddington, Mr. Livingstone said, he figured the party probably would win a majority on the council. "I wanted to be there if they won — but not if they lost."

Livingstone was promptly chosen to succeed Andrew McIntosh, a moderate, as leader of the council's Labor members.

As a militant leftist, Mr. Livingstone takes a dim view of businessmen. He calls them "the natural parasites of London," and he has declared that the "working class is in charge now, and we are going to make changes."

Carlos Deadline Nears; Paris Tightens Security

Reuters

PARIS — French police have intensified security around President Francois Mitterrand and senior ministers fearing that the international extremist known as Carlos could strike after a deadline he set expires this week, police sources said Sunday.

In his ultimatum, handed to the French Embassy in The Hague early in March, Carlos gave French authorities one month to release two persons arrested last month in Paris on explosives charges.

The ultimatum, written in Spanish and signed with two thumbprints authenticated by French police, singled out Interior Minister Gaston Defferre as the main target. Mr. Defferre is in charge of the national police.

French newspapers said over the weekend that police were taking the threat particularly seriously because they have uncovered a connection between Carlos' international network and a Corsican nationalist group. The Interior Ministry and police spokesmen declined to comment on the reports.

Carlos, 32, was born in Venezuela.

as Ilyich Ramirez Sanchez. He is wanted in several countries for several hijackings and murders in the 1970s. French police have been unable to locate him. He is believed to operate a network with links to Palestinian, Japanese and European leftist organizations.

He is wanted in France for the killing of two police officers and a Palestinian informer who had come to arrest him at his Paris apartment in June, 1975. Police also believe that Carlos carried out a grenade attack that killed two persons in a Paris restaurant in September, 1974.

The police investigation has centered on the two persons whose release Carlos demanded in his letter. They were arrested on Feb. 16, in an underground parking lot in central Paris.

Explosives Reportedly Found

Police have identified the couple as Magdalena Kaupp, a 34-year-old West German who has been linked with the Baader-Meinhof leftist organization, and Bruno Brügget, 31, a Swiss citizen who has served a prison term in Israel on explosives charges.

Police said they were arrested with detonators and five kilograms (11 pounds) of a rare plastic explosive, after they were challenged by two private security guards who suspected that their car had been stolen.

Justice Ministry sources said the couple had refused to cooperate with the examining magistrate dealing with the case and would stand trial on charges of carrying arms and explosives, using false papers and driving a car with false registration plates.

Le Point, a weekly magazine, and several newspapers reported over the weekend that police had traced the car to members of the Corsican National Liberation Front, which is believed to have carried out several attacks in February. Among them were 26 bomb and gun assaults Feb. 12 in Corsica, in which a French Foreign Legionnaire guard was killed.

Also, several hours after Mr. Brügget and Miss Kaupp were arrested, 19 bombs exploded in shops, banks, post offices and tax centers in Paris. The Corsican National Liberation Front also claimed those attacks.

Amnesty's Council In U.K. Quits Over Thorpe Row

United Press International

LONDON — The 27-member council of Amnesty International's British section has resigned after controversy about the appointment of Jeremy Thorpe, the former leader of Britain's Liberal Party, as director of the human rights organization in Britain.

The council had sanctioned the appointment of Mr. Thorpe, who was acquitted in 1979 of conspiracy to murder a male model.

The appointment split the organization, and Mr. Thorpe stepped down from the post after three weeks of public squabbling within the movement.

The council resigned on Saturday after a motion of no confidence in it was passed at the section's annual meeting. Four members had resigned earlier.

Telegram Gets The Bad News From Britain

United Press International

LONDON — Britain is abandoning the telegram after 112 years.

The arrival by special messenger of a buff-colored envelope stamped with the royal cipher and delivered with all the haste at the command of Her Majesty's Postmaster General, always signaled urgent news. Anyone wanting to send urgent messages after Oct. 1 will have to use the telephone, and the printed message will not arrive until next morning with the rest of the everyday mail.

The service has been losing money because of competition with the telephone. The new messages will be called teletypes and will be delivered in blue-striped envelopes by British Telecom, as the telephone service is now called.

Joblessness on Agenda For EEC Summit Today

Reuters

BRUSSELS — European Economic Community leaders — still at odds over money — begin summit talks in Brussels Monday on other issues, including unemployment, the economy, Poland and Central America.

Officials hope that the summit, coinciding with the community's 25th anniversary, will concentrate on the other issues. But farmers, who plan to demonstrate outside, will prevent the leaders from forgetting problems over EEC farm prices and demands from Britain for reductions in its EEC membership bill.

Premier Wilfried Martens of Belgium has asked that the EEC leaders consider detailed plans to reduce unemployment, saying: "I do not think the sort of general exchange of views which we usually have ... can suffice."

Aid to Central America

The EEC nations are considering ways of giving economic aid to Central America, which West Germany has warned could explode into an East-West confrontation if instability in the region increases.

Martial law in Poland and U.S. calls for a crackdown on cheap Western credits for the Soviet Union also will be high on the agenda. The EEC leaders will take a look at the situation in Afghanistan in an effort to show that Western Europe has not given up on its condemnation of Moscow's intervention there.

In that discussion on the Middle East, the leaders hope to find room for another EEC peace drive after Israel's withdrawal from the Sinai peninsula, scheduled for April 25.

The EEC leaders are expected to avoid any detailed discussion of the budget dispute. Prime Minister

Margaret Thatcher of Britain has announced plans for a statement on the dispute, however, and officials said they expect there will be some informal discussion of it.

Chance for Compromise

The budget problem is to be taken up in detail by EEC foreign ministers in Luxembourg Saturday, and EEC officials said a compromise seems possible. A draft plan involving three years of fixed rebates to Britain, plus a further two years of rebates at levels to be negotiated later, was presented to EEC foreign ministers last week.

All EEC governments have accepted this draft as a basis for negotiations, but parallel negotiations on farm prices leave the prospects for an early resolution very doubtful.

Later this week, before the Luxembourg meeting, EEC farm ministers meet in Brussels to discuss farm prices. France is exerting strong pressure for a double-digit percentage increase.

Police, Protesters Clash At French Nuclear Site

United Press International

GIVET, France — About 400 anti-nuclear protesters throwing firebombs and rocks were dispersed by 1,000 police firing tear gas at the construction site of a nuclear power plant on the Belgian border, police said. No injuries were reported.

The protest began Saturday in Felleux, Belgium, where about 300 members of a Belgian organization, Ecoles, and the French-Belgian Front Commun des Ardennes (Ardennes Communist Front) began marching to the Belgian border and into France, where the nuclear plant is to be built at Givet, about 200 kilometers (120 miles) north-east of Paris.

Mother Reports New Restrictions On Shcharansky

Reuters

NEW YORK — The mother of the Soviet dissident Anatoli B. Shcharansky reportedly says prison officials have stopped him from seeing letters from prison.

Gmyra Intrator, head of the Canadian Committee for Soviet Jewry, quoted the activist's mother, Ida Milgrom, as saying in a telephone call Friday that she had been told by the secret police that prison officials had refused for censorship reasons to allow his letters out of prison.

Mrs. Intrator said in a telephone interview that Mrs. Milgrom told her that her son's February and March letters had been confiscated. Mr. Shcharansky was sentenced in 1978 to 13 years in prison on charges of espionage.

Exile Ends

MOSCOW (UPI) — A Soviet dissident, Ida Nudel, has been informed that she can return to European Russia from a four-year exile in Siberia, but it was not clear if authorities would grant her request to go to Israel, friends said Friday.

Miss Nudel, 50, was banished to Kirovsk, 1,800 miles (2,880) east of Moscow, after she displayed a banner from her apartment balcony calling on the secret police to allow her to emigrate to Israel.

CIA Role Seen in '75 Arms-Shipment Attempt

Washington Post Service

WASHINGTON — A House subcommittee staff has suggested that it is probable that an international arms dealer who was under Central Intelligence Agency supervision tried to arrange shipments of arms from an American firm to South Africa for use in Angola in the mid-1970s.

A staff study by the House Subcommittee on African Affairs said that John J. Frost, a dealer based in the United States and Belgium, met with South Africans on the possibility of arranging a shipment of 155mm artillery weapons from a Vermont company to South Africa through either Thailand or Taiwan in 1975.

At the time, the study quotes Mr. Frost as saying he was a consultant to the CIA on supplying arms through Zambia.

Shipping U.S. arms to South Africa would be a violation of American law. The deal that Mr. Frost tried to arrange fell through and the South African arms procurement agency, Armscor, eventually dealt directly with the Vermont company, Space Research Corp., which eventually was prosecuted.

"Based on the preponderance of evidence, it is probable" that Mr. Frost and Armscor officials planned to ship U.S.-origin weapons from Thailand and Taiwan, the study asserts, it said Mr. Frost also informed Armscor that it could acquire "superior" weapons at the Vermont company.

[South Africa has developed a devastating "super weapon" capable of carrying nuclear warheads. The Sunday Times of Johannesburg reported Sunday, according to Reuters.

The newspaper quoted P.G. Marais, chairman of Armscor, as saying the new G5 155mm artillery system was more accurate than any similar weapon in the world.

[South Africa has now produced an artillery system that no enemy would be able to disregard, Mr. Marais said. "I personally believe there is at present a major outcry in America about us because people refuse to believe that a country like South Africa could produce a 155mm weapon which makes their system look like toys," he added.

He said the system was secretly tested on Antigua.]

According to the study, Mr. Frost said he was enlisted by the CIA in 1975 to arrange arms shipments through Zambia for U.S.-aided forces in Angola but instead was introduced by his CIA contact, who is not identified, to South African officials.

He met with Armscor representatives in Thailand and discussed arranging the shipment through Thailand and Taiwan, the study said.

It said those discussions took place after a high-level U.S. working group decided not to ship U.S. arms into Angola through South Africa. "The subcommittee staff was unable to determine whether the probable CIA agent's activities reflected serious negligence by the agency or a purposeful evasion of U.S. policy," it added.

The study cites a State Department official's memo relating a conversation in which Mr. Frost described his efforts through the CIA contact. It also cites five international teletypes that it claims describes the CIA contact's coordi-

nation of his activities in Thailand.

A statement from the CIA to the subcommittee said: "This agency did not directly or indirectly give, sell, or otherwise transfer to the Republic of South Africa any such equipment, did not encourage or facilitate others to do so, and did not have any advanced knowledge of such matters."

South Africa Frees 8 Whites

JOHANNESBURG (AP) — Security police released eight persons who were detained without charge for up to six months under South Africa's sweeping security laws, police said Saturday.

The eight, all of them white, were released Friday and Saturday. They were detained in October and November in a wave of detentions of union organizers, student leaders and other activists.

Among them was Elizabeth Floyd, the girlfriend of a labor organizer, Dr. Neil Aggett, who died in detention Feb. 5. Both had been detained in November. Dr. Aggett was the first white to die in detention in South Africa.



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France Sees Research and Development as Centerpiece in Industrial Modernization Plan

By Thomas Kamm
International Herald Tribune

PARIS — France, faced with a large trade deficit and increasing penetration of foreign products on its domestic market, is moving to revitalize its industry and modernize its production methods in a drive to become the world's third technological power behind the United States and Japan.

Despite the constraints of recession, the government has made research and development one of the chief elements of its industrial policy, which aims to "reconquer the domestic market" and make French industry competitive worldwide through the introduction of new technologies, which will reduce costs and increase productivity.

"The standardization of industrial know-how has multiplied competition from an increasing number of countries," the Ministry of Research and Technology said in its interim plan. "It requires that our economy take solid positions in advanced technology activities and renew its traditional ones. More than ever, our competitiveness and thus our growth will depend on our capacity to invent."

"To get out of the [economic] crisis, research is an essential key, perhaps the key to renewal," President Francois Mitterrand said in January in his opening speech to a four-day national colloquium on research and technology. "It is only a genuine research effort that will enable France to take its place among the nations that are capable of mastering their technology, and, therefore, of maintaining their independence."

Jean-Pierre Chevènement, minister for research and technology, said in an interview: "It is ... because we are in a recession that we should develop our innovation and research and development effort. This is a big difference not only with the previous government but with some foreign governments. This is what makes the difference between Socialist reasoning, which attempts to anticipate, and liberal reasoning, which trusts spontaneous market forces."

From public research laboratories to specialized research centers, from corporate management to banks and capital lending sources, France's industrial, scientific and financial communities are being mobilized by the So-

cialist government to build what some observers call "a French version of the Japanese miracle." Mr. Chevènement prefers to call it "industrial socialism."

In the past few months, in addition to holding the national colloquium on research and technology, France has created a Study Center for Advanced Systems and Technologies (CESTA) and a World Center for Micro-Computers, announced the opening in 1985 of a Museum of Science and Technology, and sponsored a conference on "What place for France in high technology?"

All of this is backed by considerable spending. The expanded Ministry of Research and Technology has been granted a 30-percent increase in its budget this year, bringing it to 18 billion francs (\$2.8 billion). By 1985, according to the ministry's interim plan, France will spend 50 billion francs a year on research and technology, and it is counting on industry to devote another 30 billion to achieve its aim of increasing total research expenditure to 2.5 percent of gross national product.

Mr. Chevènement, 43, is the architect of this ambitious program. He has turned a ministry

that had been steadily declining in importance for 20 years into what one French magazine called "a ministerial empire," with control over nearly all of France's research organizations.

"This is probably the first time since the 1960s, under Gen. de Gaulle, that there is a coherent policy in the field of scientific research and technological development," said Mr. Chevènement.

Recent reports show that French research spending reached a high point of 2.2 percent of the gross national product in 1967, but has dropped to 1.8 percent. In the meantime, France's main industrial competitors spend more than 2 percent.

The government is convinced that new technology is the key to increasing France's ability to compete. Planners say that the industrial applications of the electronics revolution have put a premium on new technology across the full range of industry, from textiles, machine tools and shoemaking to developing industries such as biotechnology. "There are no obsolete industries, only outdated technologies," is a

statement commonly heard among industrial planners.

But the planners believe that France has already fallen behind in the technological competition. Report after report devotes several pages to the "technology gap" that separates France from its main competitors, to France's slowness in adopting new technologies and to the lack of investment in research and development.

"We are living through a third industrial revolution that emphasizes more the 'how-to-produce' than the 'what-to-produce,'" said Jacques Delors, French economy minister. "And my conviction is that the European countries are 5 or 10 years behind Japan and the United States."

The solution, according to planners, is a government-directed research effort that will use the newly nationalized industries as a model. The nationalized companies will sign long-term contracts with the government that will include provisions for research spending. They will be expected to devote a greater proportion of funds to research than private industry.

In the context of the industrial moderniza-

tion plan, France's nationalization of industry and banks takes on a new aspect. Government planners say that the fall of investment in recent years, particularly in technology research, explains industry's failure.

Jacques Attali, Mr. Mitterrand's one-man think tank, said that two things are essential if France wants to avoid becoming an industrial backwater or "a nation of museum-keepers": It must control new technology and control capital. Both of these can be assured through nationalization. "I am doing with nationalization what de Gaulle did for nuclear defense," Mr. Mitterrand has said. "I am giving France its economic strike force."

The new entrants into the state sector are to promote France's position in clearly defined fields — integrated product areas that cover vertical chains of production, from the raw material to the finished product. Government planners say that the five big nationalized industrial groups are dominant in one or more of these chains of production and are in areas of big potential technological growth. They are to develop their specific sectors and become the

(Continued on Page 8, Col. 3)

French May Borrow To Strengthen Franc

By Carl Gewirtz
International Herald Tribune

PARIS — France, fighting an uphill battle to stabilize the value of the franc on the foreign exchange market, is expected to try to step up the volume of its Euro-market borrowings, many bankers believe.

Foreign currency borrowings, either in the form of syndicated bank credits or public bond issues, are brought back into the country and pass through the foreign ex-

SYNDICATED LOANS

change market as the proceeds are converted into francs. This process boosts the franc exchange rate, effectively creating a demand for francs.

The level of French borrowing so far this year is running about 25 percent behind the pace set in the first quarter of 1981, according to data compiled by Morgan Guaranty Trust of New York.

There have been no Eurocurrency bank credits for France in the first quarter, compared with a total of \$1.42 billion worth of loans arranged in the opening three months of 1981. International bond issues totaled \$1.84 billion so far this year, up from \$1.04 billion a year earlier. Overall, foreign borrowings have totaled \$1.84 billion versus \$2.46 billion last year.

The slowdown is particularly noteworthy as France's need for foreign currency borrowings is greater this year than a year ago because its balance of payments is registering a larger deficit. Foreign borrowings help cover this deficit, keeping the rundown in France's reserves to a minimum.

First Step

Thus, bankers assume that France has every reason to increase its recourse to the Euro-market.

Its first syndicated loan is now under way — a \$400 million operation for the Caisse Nationale des Télécommunications. Divided equally between a syndicated credit and a floating-rate note, the market reaction, bankers report, has been very positive and it is expected that the size of the operation will be increased to at least \$500 million.

Terms on the credit are standard — an eight-year loan with interest set at 3/4 point over the London interbank offer rate and a 3/4 percent front-end fee. What makes the deal especially attractive to banks is the companion \$200 million of eight-year floating-rate notes.

Interest on these will be set at a quarter-point over Libor, considered very attractive pricing as some top borrowers have issued paper at Libor or at a thin 1/4 point over Libor. In addition, banks can resell this paper to investors and pocket the much more attractive 1 1/2 percent commission paid on this deal. In fact, banks are being invited to underwrite both loans on a 1-to-1 basis, \$1 of FRN for every \$1 of loan.

CNT's need to offer the FRN "sweetens" the deal, the question whether this is the only way France can tap the credit market without increasing the size of the margin it is willing to pay. All borrowers are very sensitive about the margin they pay to borrow funds, but France more than most has tended to equate slim margins with high national prestige.

Insistence on holding the line on the margin at 3/4 point over Libor will serve as a natural brake on forays into the credit market as bankers increasingly are demanding better returns on their loans. The recourse to the Eurobond market also has its limitations as that market operates in fits and starts — suddenly investors are gobbling up new issues and suddenly they are sitting on the sidelines.

The French, of course, would justify their paying 3/4 percent by noting that Indonesia is currently paying that for its \$300-million, 10-year loan. Most bankers would argue that those terms are way too low. But Indonesia does not tap the market often and some bankers obviously believe there is other, more remunerative, business to be won in Indonesia by standing up and being seen to be a hero.

Spain also has just won very favorable terms on its \$450-million loan. But bankers suggest there are a function of some banks' desire to expand their domestic Spanish business. In addition, a third of the

loan is tied to the usually more expensive prime rate of U.S. banks rather than Libor. In all, \$300 million will be syndicated on a Libor basis, with interest set at 3/4 point over the base for the first five years and half a point over for the final five years.

The remaining \$150 million is being offered at 15 basis points (100 equals one percentage point) over the prime rate for the first four years and 25 basis points over prime for the final four years. There reportedly is both a floor and a ceiling placed on the prime portion: The ceiling calls for the base rate to shift to the rate paid on 90-day certificates of deposit (adjusted for reserve requirements) plus 110 basis points when this is less expensive than prime and to the same formula in the event that the prime rate is kept artificially low due to political pressures and falls below the adjusted CD rate.

Sweden, which was the first to use this formula, itself will soon be back in the market. Bankers report it is sounding out the market for terms on a loan of up to \$800 million.

Portugal is inviting banks to participate in its \$300-million, eight-year credit, but the low terms — half a point over Libor for the first six years and 3/4 point thereafter — are viewed very unfavorably. The terms are identical to those Portugal paid last year for \$500 million.

Famex is raising \$150 million, offering a split margin of 1-1/4 point over Libor for eight years. Bankers have the option of pricing over the prime rate, but the margin in that case will be 3/4 point less.

The jumbo \$1.2-billion loan for Mexico's Nafinsa is still being put together with nine banks so far signed up to lead the deal. In all, 12 banks are being sought to underwrite the deal and the final three are expected to be on board this week.

Columbia is asking banks to offer terms on a \$200-million loan to help finance a commercial satellite program.

In Asia, South Korea is aiming to set a new low rate for its borrowers by asking for bids on a \$500 million loan to contain an element of 3/4 percent. The Export-Import Bank just completed an eight-year loan with record low terms — interest set at half a point over Libor throughout.

Bond Dealers Set for Busy Month

By David G. Pearson
AP Wire Service

PARIS — April showers bring May flowers, so the saying goes, and the Eurobond market is bracing itself for a few wet weeks as the U.S. tax deadline nears.

The consensus among bond traders in Europe is that U.S. interest rates are likely to start creeping

EUROBONDS

ing upward in the next few weeks and as a consequence, there will be downward pressure on the prices of straight Eurobonds.

The belief is that the U.S. money supply will swell next month as revenue pours into the U.S. Treasury ahead of the April 15 tax deadline.

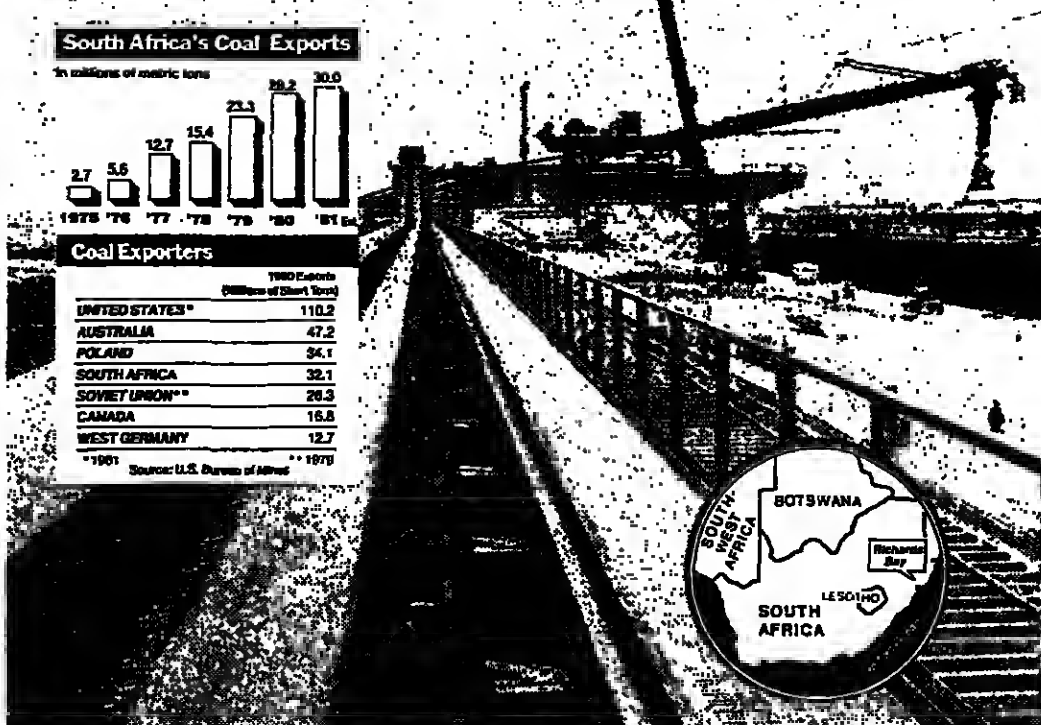
"The inflow will take a few weeks to absorb, and the market will probably take its lead from the May 7 money supply figures," one banker said.

Another factor likely to cause some movement on the primary and secondary markets next month is that many Eurobond issues come to maturity in April. This will create quite a bit of liquidity, which could slosh directly into other instruments if the turbulence on the foreign exchange markets persists, dealers said.

The dollar's ups and downs and suspense about a readjustment of parities within the European Monetary System kept bond traders on the edge of their seats for most of last week.

On the secondary market, prices of straight bonds fell slightly Friday, but volume was light, traders said. Eurodollar rates edged higher in anticipation of this week's money supply figures and the six-month London interbank offered rate rose to 15 7/16 percent by the end of the day.

Activity on the primary market continued strong. At the end of the week the total volume of new



Coal for export moving on a conveyor belt at the South African port of Richards Bay.

Takeovers — Were They Worth It?

By Lydia Chavez
New York Times Service

NEW YORK — Not so many months ago, billion-dollar takeover offers were sweeping Wall Street. Among the biggest targets were the natural-resource companies, and in the culmination of a decade-long inflation with minerals, the purchasers for the most part were oil companies.

In little more than a week last year, Standard Oil of California offered \$4 billion for Amex, in vain it turned out, and Standard Oil of Ohio handed over \$1.8 billion for Kennecott. In other notable battles, Du Pont outbid Mobil and Seagram for Conoco, and U.S. Steel picked up Marathon Oil from Mobil, again, the loser. Seagram, awash with cash with the proceeds from its sale of Texas oil and gas properties, offered \$2 billion plus for St. Joe Minerals but lost, this time to Fluor.

Were all those billions worth it? For Du Pont and U.S. Steel, the answer awaits further developments of the great oil glut. But in the other big arena of natural resource acquisitions — metals — the oil company acquirers would

have done better by buying more oil or shares in a money fund. Oil, over the last eight years, has proven a handsome investment, delivering a 17 percent annual rate of return on shareholders' equity, while minerals have averaged only a little more than half that. And last year, mining was, at best, only marginally profitable.

"The mineral business in the United States has really suffered in the last decade," said Marc Lomoff, a senior associate for Charles River Associates, a Boston consulting firm. "It began to suffer right when the oil companies jumped in."

This was just an unfortunate coincidence, Mr. Lomoff said. But many analysts believe the oil companies got caught because the assumption that the two industries, oil and minerals, being part of the larger universe of natural resources, were natural partners.

Recession, it is conceded, hurt

mineral profits last year, but there were more basic, long-term problems. Among them was a management miscalculation: The oil industry was not prepared to deal with the long lead times that min-

(Continued on Page 8, Col. 7)

Coal Fuels Swift Expansion Of S. African Port Facility

By Joseph Lelyveld
New York Times Service

RICHARDS BAY, South Africa — With the price of gold slumping, South Africa is facing a worsening payments deficit and a gloomy economic outlook that is already starting to force cuts in major projects.

But no one is talking about cuts here at this Indian Ocean port, which has been kept in a state of uninterrupted expansion for 10 years to handle the country's steadily rising coal exports.

Even though the price fetched by South Africa's low-quality coal has leveled off in the European markets, the drive to increase coal exports remains a major element in the overall economic strategy.

In 1975, South Africa exported only 2.7 million metric tons (2.97 million tons) of coal. By last year, coal exports had soared to about 30 million metric tons, putting coal ahead of diamonds and second only to gold as an export earner.

More than 85 percent of the total coal exports were shipped through the coal terminal at Richards Bay, which handled its first

coal shipments only six years ago. Now the terminal is undergoing a major expansion, costing about \$315 million, that is intended to raise its capacity by nearly 60 percent by the middle of next year, bringing it to 44 million metric tons.

This expansion exceeds anything foreseen when the terminal was planned, with the result that the tracks carrying the lengthening trains from the Transvaal coal fields to the tidal spit on which the terminal stands have to be relied on land that has been newly dredged and filled. The cost of the new rail loop around the terminal is about \$100 million, and this time its designers have made sure that it will be sufficient to handle further expansions.

"We have done nothing to preclude a further expansion to 100 million tons," said Michael Dunn, an engineer who is managing director of Richards Bay Coal Terminal Co.

If exports at Richards Bay reach 100 million metric tons a year, Mr. Dunn said, the terminal will have run out of land for further expansion. That day still seems remote, but the government paved the way to it last year by doubling its estimate of extractable coal reserves to 51 billion metric tons and declaring that exports would be permitted to rise in this decade to 80 million metric tons a year.

Distance from markets is South Africa's main competitive disadvantage. But the main advantage is that it has been possible to plan the expansion of the coal industry as an integrated effort with new mines, rail lines and the terminal here all going into operation in well-coordinated phases.

"The beauty of the project is that it was designed from the ground up," Mr. Dunn said. "You only get a chance to do that once in a lifetime."

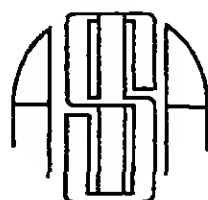
The new facilities have been conspicuously capital-intensive rather than labor-intensive, despite the concern often voiced by South African businessmen that black unemployment could eventually undermine the existing system.

The coal terminal here, which has been known to handle as much as 75,000 metric tons in an eight-hour shift, operates every hour of the year except on Christmas Day, with a total work force of 580. Only 200 are on the job at any one time.

The entire operation, from the automated tipplers that empty a railway wagon every 90 seconds to the automated shiploaders that pour coal into the hold of a freighter at the rate of 6,500 tons an hour, can be managed from a control tower manned by only four men.

A key part of the present expansion program involves the state-owned railway, which plans to start using 80-ton wagons on 200-car trains, instead of the present 88-car trains, which use wagons with a capacity of only 58.5 tons. The whole circuit, from the mines to the port and back to the mines — a round-trip distance of 620 miles — is designed to take only 28 hours.

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CURRENCY RATES

Interbank exchange rates for March 26, 1982, excluding bank service charges.

Currency	Per \$100	Currency	Per \$100	Currency	Per \$100
Australian	1.6555	Swiss	1.4875	Japanese yen	109.15
Belgian (fr)	40.33	Thai	26.66	Korean won	200.00
British (sterling)	1.9375	West German	3.3750	Malay ringgit	2.3600
Canadian	1.3125	Yugoslav	136.00	Philippine peso	48.00
Dutch (guilder)	2.3600	Israeli	1.8000	Singapore dollar	1.3500
French (franc)	6.5500	Italian	2.0000	Taiwan dollar	24.00
German (DM)	3.3750	Japanese yen	109.15	US dollar	1.0000
Indian (rupee)	47.5000	South African	1.4875		
Japanese yen	109.15				
Korean won	200.00				
Malay ringgit	2.3600				
Philippine peso	48.00				
Singapore dollar	1.3500				
Taiwan dollar	24.00				
US dollar	1.0000				

Dollar Values
Currency Per \$100
Euro 1.4875
Swiss 1.4875
Japanese yen 109.15
Korean won 200.00
Malay ringgit 2.3600
Philippine peso 48.00
Singapore dollar 1.3500
Taiwan dollar 24.00
US dollar 1.0000

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France Primes the High-Technology Pump

(Continued from Page 7)

locomotives of France's thrust into new product areas.

Four spearheads have been defined: Chemicals, electronics, health and materials. But apart from computer software, France is weak in electronics, and the government plans to act on several fronts.

The micro-electronics sector is considered the most vital part of the industry, but France has a 600-million-franc deficit in this field

and is three years behind Japan and the United States, according to François Maison, the scientific director of computer-maker CII-Honeywell Bull.

The government recently announced a five-year, \$20-million franc aid program: 480 million francs to electronics firms to finance research and development of integrated circuits and 340 million francs in low-interest loans to spur investment and promote the use of micro-electronic components. Thomson, the electronics

company, which will probably be called upon to act as the leader, is now negotiating a research and development agreement with Siemens, the West German company.

Consumer electronics is another field in which France lags behind its competitors. The deficit in this sector has reached 4.5 billion francs. French planners point out that "holes" in French production: France does not produce any pocket calculators, digital watches or electric typewriters, for instance, and imports too many dish-washing machines, hi-fi and television sets, the government says. Here again Thomson, which the government accuses of having paid too much attention to "professional electronics," such as radar, and not enough attention to consumer electronics, is expected to lead the field.

The other electronics fields that France intends to develop are computers, where CII-Honeywell Bull is the leader, and industrial electronics (for example, computer-assisted design).

Sources in the computer industry said that "it is not inconceivable" that France will develop its electronics industry the way it developed the telephone industry, co-operating with carefully selected foreign companies to build state-of-the-art equipment, and progressively discarding them as France develops its own technology. But while this is seen as the price of entry to the French market, it is not clear how many foreign corporations will be willing to play by these rules.

To Help Others

Alongside the four filières, France has also adopted a number of plans to help out ailing industries. Unlike the previous government, the Socialists make no distinction between advanced technology and traditional industries. "A high-technology industry is not one that produces integrated circuits, but one who uses them," said a high government official. "There are no condemned sectors. Innovation allows all sectors to be competitive."

In the textile industry, where imports have taken about 50 percent of the French market, the govern-

ment recently unveiled a two-year plan to subsidize social security contributions from textile companies in exchange for commitments on employment and new investment to modernize production methods. The National Agency for the Valorization of Research (ANVAR) recently called for bids for the automation of the textile industry, saying that "Technological performances, particularly automation, will become the major trump card for companies in the textile-clothing sector in the face of foreign competition."

And in machine tools, which is perceived as a strategic sector because it produces tools of production, France is pouring funds into research to face the Japanese challenge in robotics. The aim is to act on supply, by reorganizing the machine-tool industry, and on demand, by creating financial incentives for French companies to buy the tools and thus modernize their production methods.

The machine-tool example illustrates two of the difficulties facing the modernization program. While French fundamental research is strong, there is little contact between the research and industrial worlds. Experts attribute this to the French mentality.

'Very Cartesian'

"In France we are very Cartesian, our approach is much more linear," said Joël de Rosnay, the director of the applications of research of the Institut Pasteur. Mr. de Rosnay said the CESTA would teach French researchers and industrialists to think in terms of a network rather than a sector. The government is also taking steps to bring research and industry together.

The other problem is how to encourage industries to fund innovation in a time of recession and mounting social costs.

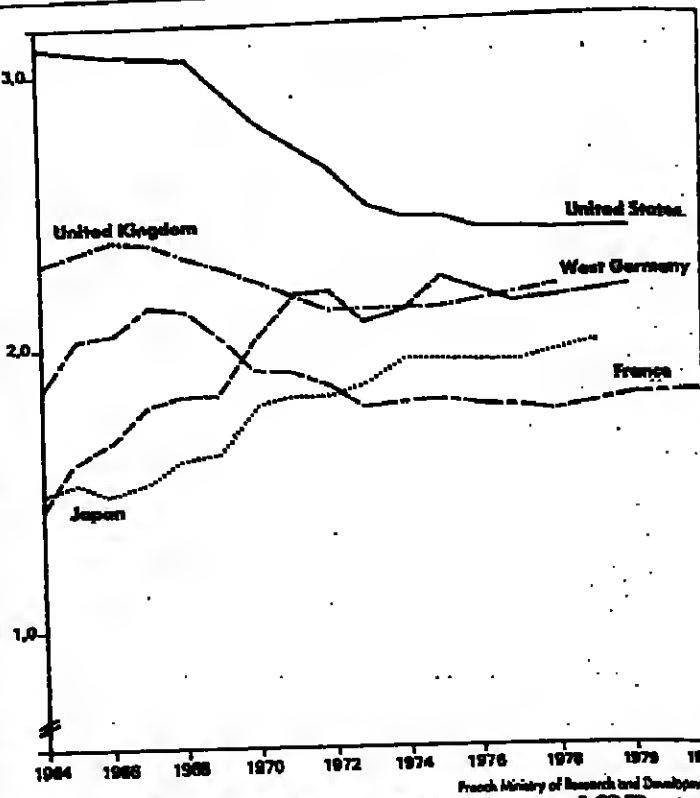
Nationalization partly answers this, but the government wants the full range of industry, including small- and medium-sized industries, which are considered essential to France's competitiveness. With little venture capital available, the government is setting up a number of fiscal and credit measures and ANVAR is stepping up its grants and loans for innovation.

But the French Employers Association, while agreeing that innovation is necessary, said that rising social costs "penalize research and development" and force industrialists to "think short-term to survive." It called for an automatic tax rebate to encourage industries to invest in research.

Industrialists also wonder how they simultaneously can fight unemployment — one of the government's main objectives — and introduce technologies that reduce the work force.

Mr. Chevenement admitted that this may present a contradiction in the short term, but he believes that in the longer term, "innovation is the only way to preserve and create jobs." And he said the government's aim to reduce the work week to 35 hours is only possible if productivity is increased.

"I believe that not only in France, but in the whole world, we are going to witness an acceleration of the technological revolution," Mr. Chevenement said. "I am thinking of the development of robots, of industrial automation, of the penetration of electronics to every sector, of the explosion of biotechnology in a not too distant future. We must prepare for it. In a world where in five years, close to 40 percent of the products will be new ones that do not exist yet, the only chance for development is to rush toward the future."



French Ministry of Research and Development

Big Takeovers in U.S. Raise Some Doubts

(Continued from Page 7)

ing requires, before it shows a hint of return.

"The best analogy to mining is offshore exploration," said George Keller, chairman of Standard Oil of California. "For something like the North Sea you have to allow seven or eight years." But, he added, "there aren't any other elements of our business that have that kind of lag."

As J. Hugh Liedtke, chairman of Pennzoil, put it, in land exploration, "If you discover a field, you can drill one well and it will produce income while you drill other wells, but in a mine you have to put all the money into it before you get a nickel out."

Easy Exploitation

Then too, the mineral market turned out to be even more cyclical than expected, and positive developments, such as a mineral shortage, failed to materialize. Some critics even question whether acquiring domestic mines ever was good strategy because the ore deposits in the United States are of a lower grade compared to the newer discoveries being made abroad that are easier and cheaper to exploit.

One motivating factor for the oil companies is easy to find: "They had a tremendous cash flow," said Edward L. Pepper, vice president of resource management at Arthur D. Little, a consulting firm based in Cambridge, Mass. "They had to put that cash into something." On the other hand, there was the promise of high returns, the same potential that, inversely, drew U.S. Steel to Marathon and Du Pont to Conoco.

Also, according to Thomas Berkel, an economist at Atlanta, a consulting company that specializes in energy and minerals, "Oil companies purchased mining companies with the idea that they were a good bargain because the stocks were undervalued."

But a recession was waiting in the wings. Social, for example, which had offered \$80 a share last year for Amstar shares that were trading at around \$40 a share, has watched the Amstar quote plunge to about \$27 a share. "As you can imagine we are very pleased that it turned out the way it did," said Mr. Keller.

In fact, the 10-year infatuation, culminating in last year's takeover frenzy, so far seems to have produced mostly negative results.

Good After Bad

Cities Service is trying to get rid of its mining company, Tennessee & Miami Copper, acquired in 1963. Standard Oil of Indiana, which bought Cyprus Mines in 1979, lost about \$75 million in its minerals division last year.

"We figured earlier that we would be able to cover the overhead and all the exploration expenses in two to three years," said Kenneth J. Barr, president of Amoco Minerals, the subsidiary of Indiana Standard that absorbed Cyprus Mines. Recently, he added, Amoco moved its forecast forward a year.

Atlantic Richfield declined to say what its return has been since it acquired Anaconda in 1977 for \$700 million, but analysts said it has been nothing but a "cash sink." And Fluor, the new owner of St. Joe Minerals, said it reported a profit last year from its mining operations.

Overall, nearly every mineral company in the United States is expected to show a loss in the first quarter of 1982, according to Peter Anker, an analyst at First Boston. And every major producer has either closed mines, cut back on staff or cut production.

Still, the oil companies insist that the long-term commitment is there, and the promise of minerals remains. "Our expectations were, above all, long-range expectations; we didn't try to divine the next six to twelve months," said Alton W. Whitehouse, Sohio's chairman. Sohio lost \$39 million in its metals division in the first quarter of this year and is faced with the need to spend as much as \$1.5 billion to upgrade its mines.

The Iron Cools

"We did not appreciate the magnitude of the recession," said Mr. Whitehouse. "Our perception was that it was a reasonable time to make a deal. While I am not the least bit happy with the current level, I certainly have not had any doubts about the propriety. You make a deal when the iron is hot."

The hot iron, however, caused some overheated bidding, some of the acquirers concede. Mr. Keller of Sohio said that last year, "there was enough competition for those attractive mineral companies that existed that we had a bit of overenthusiasm or overoptimism as to just what the market developments would be."

It certainly looked good for a while. Mineral prices had been declining for several years and went on a rising trend in 1979. When prices began to slip again in 1980, the shares of natural resource companies dropped, making them seem undervalued. Analysts were predicting a rise in mineral prices in the latter part of 1981 or early 1982 and so the oil companies swooped in to buy the mineral assets before they started to rise again. Instead of an early recovery, however, the mineral prices continued to fall. Since March of last year, prices for copper, lead, and zinc all have fallen three to 11 cents.

To further illustrate the problem, several minerals companies saw an opportunity to make considerable premiums on molybdenum a couple of years ago when it was selling as high as \$30 a pound. By the time the new production was up, however, demand had fallen and the price had backed down to just over \$7 a pound. And even if demand returns, the market is expected to remain weak because of huge stockpiles and an overcapacity.

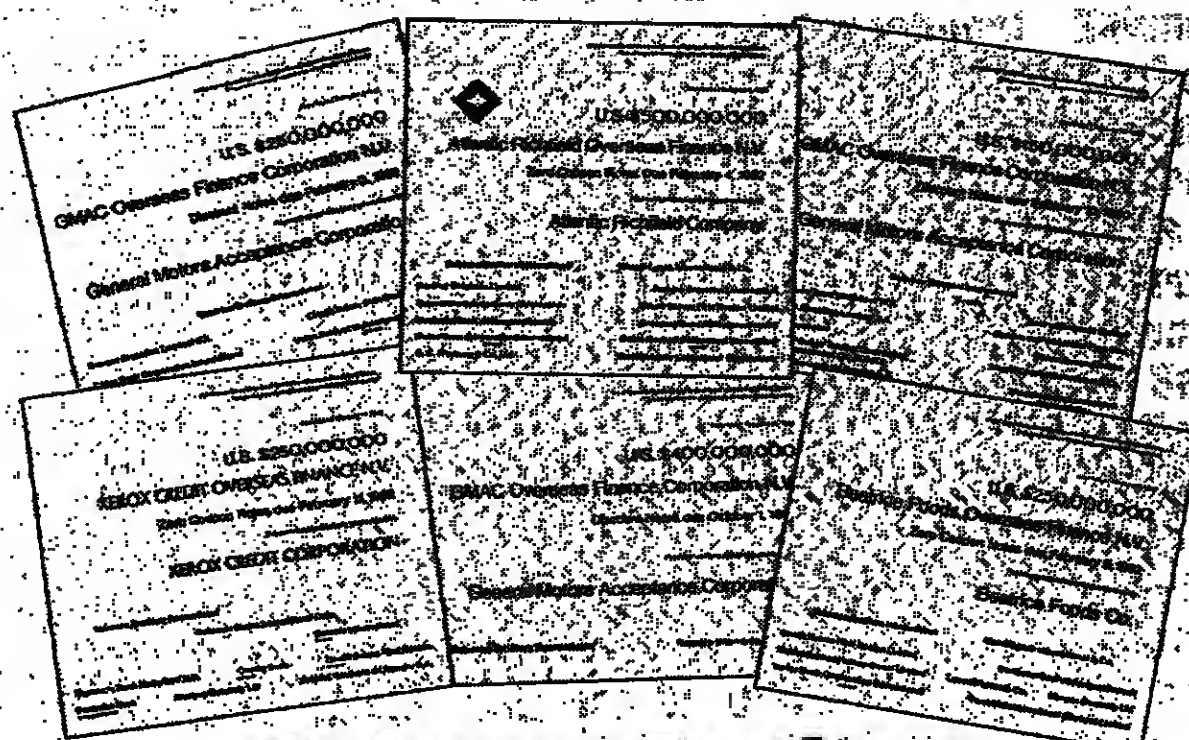
Some of the companies that made investments in molybdenum maintain that they can still make money with the lower prices. "We fully appreciated that the \$20 to \$30 a pound was an unreasonable level and we actually forecast the price levels of today, but it went down a little faster than we expected," said Mr. Barr.

But a basic problem has to do with the broad question of a balance between U.S. and overseas sources. "The copper cycle has been a disappointment, but not unexpected," said Robert O. Anderson, chairman of Atlantic Richfield. "The largest complicating factor in the slow recovery of the price of copper was the nationalizations of copper properties in foreign ownership." This exchange in ownership, he said, meant that the mines kept pumping out product, at whatever price, just to produce hard currency for the developing countries.

Little's Mr. Pepper agrees "Zambia, Peru, Chile and South Africa are very dependent on mineral exports and they almost have to keep mining to have foreign exchange. That is the only source of hard currency they have, and so the mines keep going."

Just what this means for the future of metals is unclear. Mr. Pepper said that while the mines are being produced continually, not much money is being reinvested in the mine or in exploration programs. "What this says," he noted, "is that they aren't going to get the money to expand. What I foresee is little expansion of mining companies in the Third World."

Walter Labys, professor of resource economics at the University of West Virginia on sabbatical at the Massachusetts Institute of Technology, disagrees. "Mineral economies tend not to have a good agricultural base," he said. "Not only are they trying to expand production but they are trying to get international mining distribution. If anything, there might be a slight overproduction, but the companies have not used up their richest deposits."



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United Calls Off Half of Jet Order

CHICAGO — United Airlines said Friday it had notified Boeing to stop work on 20 new aircraft worth nearly \$1 billion.

United said it gave the order pending resolution of congressional proposals to modify leasing provisions of the 1981 Tax Law.

The airline said it will accept delivery of 19 767s, which are under construction, but if the leasing provisions are repealed or substantially modified, it will immediately cancel orders for an additional 20 planes.

Panama Canal Panel Plans 9.8% Fee Rise

PANAMA CITY — The Panama Canal Commission has announced an increase averaging 9.8 percent in fees for ships using the canal. The fees would go up Oct. 1 and await final approval from President Reagan.

Commission spokesman And Betz said Friday the increases are the result of an expected loss of \$50 million in 1983 from oil tankers from Alaska which now use the canal. The oil will be transported through a pipe across the Panama isthmus.

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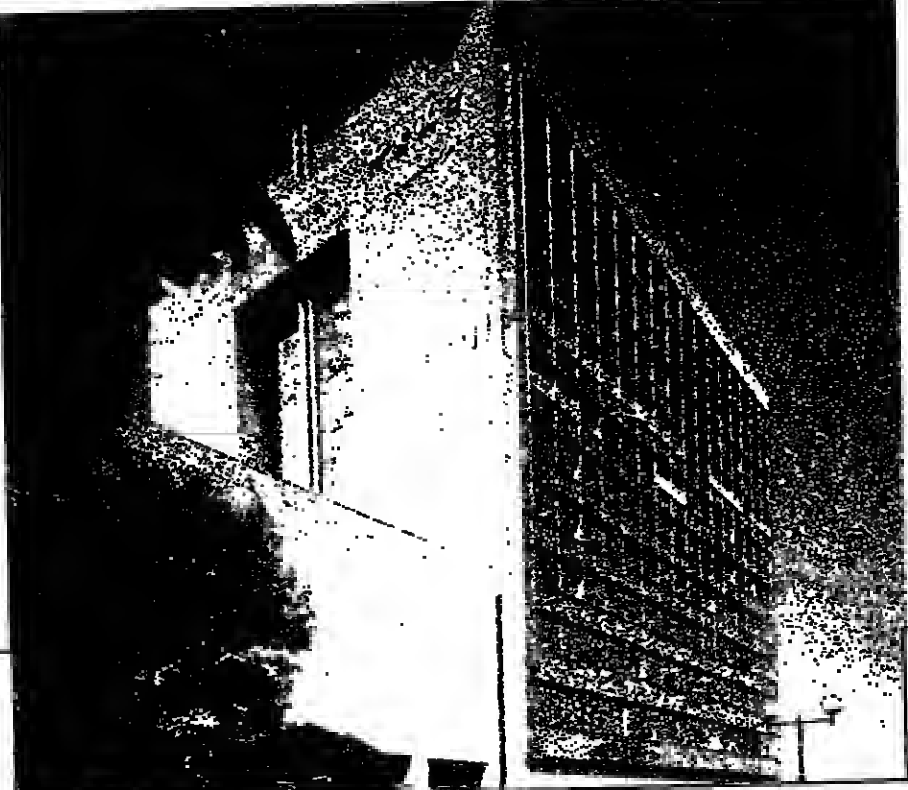
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1982 Readership Survey



Reading



01 Which issues of the International Herald Tribune apart from today's have you read or looked at in the last week?

Monday <input type="checkbox"/> (11)	Thursday <input type="checkbox"/>
Tuesday <input type="checkbox"/>	Friday <input type="checkbox"/>
Wednesday <input type="checkbox"/>	Sat/Sun <input type="checkbox"/>

02 Where did you obtain this copy of the newspaper?

Postal subscription at home <input type="checkbox"/> (12)	Bought at newsstand <input type="checkbox"/>
Postal subscription at place of work <input type="checkbox"/>	Aeroplane <input type="checkbox"/>
Home delivery <input type="checkbox"/>	Elsewhere <input type="checkbox"/>
Office delivery <input type="checkbox"/>	

03 Which of these sections do you usually read or look at?

Front page news <input type="checkbox"/> (13)	Comics/cartoons <input type="checkbox"/>
Editorial page <input type="checkbox"/>	Sport <input type="checkbox"/>
Business and Finance -Editorial <input type="checkbox"/>	Arts, leisure <input type="checkbox"/>
-Tabular <input type="checkbox"/>	Special supplements <input type="checkbox"/>
Syndicated loans Eurobonds <input type="checkbox"/>	Back page (Safire/Buchwald/Baker) <input type="checkbox"/>

04 Who else reads or looks at your copy of IHT? (Check all that apply)

No-one else <input type="checkbox"/> (14)	One business colleague <input type="checkbox"/>
Husband/wife <input type="checkbox"/>	Two business colleagues <input type="checkbox"/>
One other household member <input type="checkbox"/>	Three or more business colleagues <input type="checkbox"/>
Two or more other household members <input type="checkbox"/>	Other people <input type="checkbox"/>



Travel



05 (a) Approximately how many trips by air have you made during the last 12 months? (count each round trip as one)

(b) Of these round air trips how many were for business or professional purposes?

	None	1-5	6-9	10-20	21+
Total trips by air <input type="checkbox"/> (15)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Of which, for business <input type="checkbox"/> (16)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

06 Approximately how many visits have you made by air, for business purposes, to each of these destinations in the last 12 months?

	Not visited	1-2	3-5	6+ visits
Domestic flight within your own country of residence <input type="checkbox"/> (17)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Europe, outside your country of residence <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
U.S.A. <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Canada <input type="checkbox"/> (20)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Central & South America <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Republic of South Africa <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Africa <input type="checkbox"/> (23)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Australia/New Zealand <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Japan <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Singapore <input type="checkbox"/> (26)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Hong Kong <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other S.E. Asia <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gulf States/Kuwait <input type="checkbox"/> (29)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Saudi Arabia <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other Arab States <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other destinations <input type="checkbox"/> (32)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

(write in) _____

07 On business air trips, which class do you normally travel on....

a) long trips (over four hours)

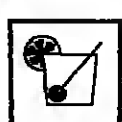
b) short trips (up to four hours)

	a)	b)
	Long trips (4 hours+)	Short trips (under 4 hours)
First class <input type="checkbox"/> (33)	<input type="checkbox"/>	<input type="checkbox"/> (34)
Business class or equivalent <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Full fare economy <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Other <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

08 Do you hold a VIP/Executive card with any airline?

Yes ☐ (35) No ☐

INTERNATIONAL Herald Tribune



Goods & Services



09 Approximately, how many times, if at all, during the last 12 months have you...

a) Rented a car on business?

b) Rented a car on business when in another country?

	a)	b)
	Rented at all on business	Rented abroad on business
Not rented <input type="checkbox"/> (36)	<input type="checkbox"/>	<input type="checkbox"/> (37)
1-2 times <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3-6 <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7+ <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

10 Thinking of your travel away from home on business, how often do you stay in first class international hotels?

Always/almost always <input type="checkbox"/> (38)	Never <input type="checkbox"/>
Frequently <input type="checkbox"/>	(Do not travel on business) <input type="checkbox"/>
Occasionally <input type="checkbox"/>	

11 Which, if any, of the following do you usually buy at duty-free shops?

Cigarettes <input type="checkbox"/> (39)	Cognac <input type="checkbox"/>
Cigars/tobacco <input type="checkbox"/>	Other alcoholic beverages <input type="checkbox"/>
Whisky <input type="checkbox"/>	Perfumes/toilet water <input type="checkbox"/>

12 Which of the following do you have in your home at present?

Gin <input type="checkbox"/> (40)	Scotch Whisky <input type="checkbox"/> (41)
Brandy <input type="checkbox"/>	Other whisky <input type="checkbox"/>
Cognac <input type="checkbox"/>	Rum <input type="checkbox"/>
Champagne <input type="checkbox"/>	Sherry <input type="checkbox"/>
Vodka <input type="checkbox"/>	Port <input type="checkbox"/>
Aperitif/Vermouth <input type="checkbox"/>	Sake <input type="checkbox"/>
Liqueurs <input type="checkbox"/>	Imported beers <input type="checkbox"/>



1982 Readership Survey

13 Which of the following do you smoke, even if only occasionally?

Cigarettes <input type="checkbox"/> (42)	Cigars <input type="checkbox"/>	Pipe tobacco <input type="checkbox"/>
--	---------------------------------	---------------------------------------

14 Which credit cards do you use nowadays?

VISA/Barclaycard/ Carte Bleue <input type="checkbox"/> (43)	American Express <input type="checkbox"/>
Eurocard/Access/Mastercard <input type="checkbox"/>	Diners Club <input type="checkbox"/>

15 How many cars are there in your household including company-owned cars?

None <input type="checkbox"/> (44)	One <input type="checkbox"/>	Two <input type="checkbox"/>	Three <input type="checkbox"/>	Four+ <input type="checkbox"/>
------------------------------------	------------------------------	------------------------------	--------------------------------	--------------------------------

If more than one car, please answer for most important car first, then the second.

What is the make, model and year of manufacture?

Write in: Make Model Year

1 - 00 (45-49)

2 - 00 (50-54)

Which, if any, of these cars is company-owned?

Neither <input type="checkbox"/> (55)	Car 1 <input type="checkbox"/>	Car 2 <input type="checkbox"/>	Both <input type="checkbox"/>
---------------------------------------	--------------------------------	--------------------------------	-------------------------------

If any are company-owned, for which of them were you personally responsible for the choice of make and model?

Neither <input type="checkbox"/> (56)	Car 1 <input type="checkbox"/>	Car 2 <input type="checkbox"/>	Both <input type="checkbox"/>
---------------------------------------	--------------------------------	--------------------------------	-------------------------------

16 Which of the following do you or members of your household own?

Stamp/coin collections <input type="checkbox"/> (57)	Stock/shares <input type="checkbox"/> (58)
Precious metals/gems <input type="checkbox"/>	Options/commodity futures <input type="checkbox"/>
Antiques <input type="checkbox"/>	Eurobonds <input type="checkbox"/>
Works of art <input type="checkbox"/>	Other bonds <input type="checkbox"/>
Second or holiday home <input type="checkbox"/>	Mutual/unit trust funds <input type="checkbox"/>
Other real estate (excluding main home) <input type="checkbox"/>	



Occupation



17 Are you

in employment <input type="checkbox"/> (59)	a housewife <input type="checkbox"/>
retired <input type="checkbox"/>	otherwise not in employment <input type="checkbox"/>
a student <input type="checkbox"/>	

18 What is your profession?

Businessman <input type="checkbox"/> (60)	Medical/legal/academic <input type="checkbox"/> (61)
Scientist/Technologist <input type="checkbox"/>	Diplomat/civil servant <input type="checkbox"/>
Consultant <input type="checkbox"/>	Artist, author, actor, musician <input type="checkbox"/>
Architect/surveyor <input type="checkbox"/>	Armed forces, police <input type="checkbox"/>
Engineer <input type="checkbox"/>	Other <input type="checkbox"/>

(write in) _____

19 Approximately how many people are in the establishment in which you work, including yourself?

(By establishment we mean whole of the premises under the same ownership or management at a particular address)

Less than 10 <input type="checkbox"/> (62)	300-999 <input type="checkbox"/>
10-24 <input type="checkbox"/>	1000-1999 <input type="checkbox"/>
25-99 <input type="checkbox"/>	2000+ <input type="checkbox"/>
100-299 <input type="checkbox"/>	Do not work in an establishment <input type="checkbox"/>

If you do not work in an establishment, skip to Q23

20 What is the principal activity of the establishment at which you work? (write in)

_____ (63-64)



21 What is a) your position and b) your responsibility within that establishment?

a) Position	b) Responsibility
Chief executive/owner proprietor/partner <input type="checkbox"/> (65)	Financial <input type="checkbox"/> (66)
Senior management <input type="checkbox"/>	Marketing/Export/Sales <input type="checkbox"/>
Middle management <input type="checkbox"/>	Operations <input type="checkbox"/>
Executive <input type="checkbox"/>	Technical <input type="checkbox"/>
Clerical <input type="checkbox"/>	Purchasing <input type="checkbox"/>
Other <input type="checkbox"/>	General management <input type="checkbox"/>
	Other <input type="checkbox"/>

22 Are you a Director or member of the Management Board of the organisation for which you work?

Yes ☐ (67) No ☐

23 In the last 12 months, in your business or professional capacity have you been involved at all in purchase or leasing decisions for any goods or services listed below?

If so, for each area in which you have been involved please indicate whether you

a) suggested or recommended the service/product, evaluated suppliers, selected makes/brands or prepared specifications and/or	Involved	Selected	Authorized
b) authorised or approved purchase (Check all that apply)			
Car fleets and company cars <input type="checkbox"/> (11) <input type="checkbox"/> (13) <input type="checkbox"/> (15)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Vans/trucks <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Word processors/automatic typewriters <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Office equipment: copiers, calculators, typewriters <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Main-frame computers/computers with network systems <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Stand-alone computers/personal/office computers <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EDP/Computer service/software <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Business/industrial site selection/building/construction <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Scientific/medical instruments <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Telephone & telecommunications systems <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company aircraft <input type="checkbox"/> (12) <input type="checkbox"/> (14) <input type="checkbox"/> (16)	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Plant and equipment <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Primary, raw materials and chemicals <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Banking/financial services <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Company insurance/pension plans <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Staff recruitment <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Advertising and PR services <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Freight/transportation services <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Transfer of technology services <input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

1982 Readership Survey

Dear Reader,

Please will you help

Every three years we undertake a survey on behalf of the International Herald Tribune. The purpose of the survey is to find out what kind of people read the IHT. The last survey was in 1979, and it is now time to gather up-to-date information for editorial and marketing purposes. It does not matter whether or not you are a regular reader - please reply by filling in this questionnaire and returning it as indicated to us.

We are an independent market research organization, and will not pass on any of your personal details. The data will be tabulated for the IHT in a statistical form thereby ensuring the confidentiality of the answers you give. For every reply received the IHT undertake to make a donation to a charity of your choice.

Thank you,
Yours Sincerely,
Chairman - RSL

The International Herald Tribune undertake to donate to charity twice the value of all the postage charges incurred by our readers in returning these questionnaires to Research Services. Please indicate below which of the charities you would like to benefit.

The value of these donations will be published in the International Herald Tribune in due course.

Cancer Research <input type="checkbox"/>	International Red Cross <input type="checkbox"/>	World Wildlife Fund <input type="checkbox"/>
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24 a) In how many countries does the organization for which you work have offices?

One ☐ (68) Two-nine ☐ Ten or more ☐

b) Do you work in the world-wide head office of the organization for which you work?

Yes ☐ (69) No ☐

25 Is the company for which you work in the top 100, or in the top 500 companies in size in your country of residence?

In top 100 ☐ (70) In top 500 ☐ Not in top 500 ☐

26 Are you

...Male ☐ (71) ...Female ☐

27 Which is your age group?

Under 25 <input type="checkbox"/> (72)	45-54 <input type="checkbox"/>
25-34 <input type="checkbox"/>	55-64 <input type="checkbox"/>
35-44 <input type="checkbox"/>	65 or over <input type="checkbox"/>

28 a) In which country are you currently resident?

b) Of which country are you a citizen?

a) Country of residence ☐ (73-74)

(write in) _____

b) Citizenship ☐ (75-76)

(write in) _____

How long have you been living in your present country of residence?

Less than six months <input type="checkbox"/> (77)	1-5 years <input type="checkbox"/>
6-12 months <input type="checkbox"/>	More than 5 years <input type="checkbox"/>

29 Which was the highest educational level you obtained?

Doctorate/higher university degree <input type="checkbox"/> (78)	Below university degree <input type="checkbox"/>
University degree <input type="checkbox"/>	

30 What is the subject of your degree or professional qualification?

Engineering (mechanical, electronic, instrument, civil etc.) <input type="checkbox"/> (79)	Natural sciences (Physics, Chemistry, Maths., Biology, Geography) <input type="checkbox"/>
Law <input type="checkbox"/>	Economics <input type="checkbox"/>
Medicine <input type="checkbox"/>	Accountancy <input type="checkbox"/>
Arts and humanities <input type="checkbox"/>	Business studies <input type="checkbox"/>

31 Into which of the following groups does your own personal annual income before tax from all sources fall? (US dollars)

UP to \$14,999 <input type="checkbox"/> (80)	\$50,000-\$74,999 <input type="checkbox"/>
\$15,000-\$19,999 <input type="checkbox"/>	\$75,000-\$99,999 <input type="checkbox"/>
\$20,000-\$29,999 <input type="checkbox"/>	\$100,000 or over <input type="checkbox"/>
\$30,000-\$49,999 <input type="checkbox"/>	

Or write in your currency _____

32 Please turn over

NEW YORK (AP)—Weekly Over the Counter stocks giving the high, low and last bid prices for the week with the net change from the previous week's last bid price. All quotations are from the National Association of Securities Dealers, Inc. are not actual transactions but are representative interdealer prices of which these securities could have been sold. Prices do not include retail markups or commissions.

Sales settled by NASD.

Sales In	100s	High	Low	Last	Net	Chg
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0

ALLIED IRISH BANKS LIMITED
U.S. \$30,000,000
Floating Rate Subordinated
Notes due 1984

In accordance with terms and conditions of the Floating Rate Subordinated Notes due 1984, the rate of interest for the interest period from 30th March, 1982 to 30th September, 1982 has been fixed at 15.5% per annum. The Coupon Amount of U.S. \$30,000,000 will be payable on 30th September, 1982 against surrender of Coupon No. 11.

29th March, 1982.
Manufacturers Hanover Limited
Agent Bank

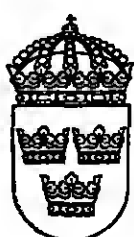
Sales In	100s	High	Low	Last	Net	Chg
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0

Sales In	100s	High	Low	Last	Net	Chg
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0

Sales In	100s	High	Low	Last	Net	Chg
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0

Sales In	100s	High	Low	Last	Net	Chg
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0
Alcoa	100	19 1/2	19 1/2	19 1/2	19 1/2	0

This announcement appears as a matter of record only.



Kingdom of Sweden

Dfls. 100,000,000
10% per cent. Bonds 1982 due 1988/1992
Annual coupons May 1

Algemene Bank Nederland N.V.

Amsterdam-Rotterdam Bank N.V.

Bank Mees & Hope NV
Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.
Nederlandsche Middenstandsbank N.V.
Pierson, Helderling & Pierson N.V.
Bank der Bondsspaarbanken N.V.

Credit Suisse First Boston Limited

Deutsche Bank Aktiengesellschaft

Kreditbank International Group

Morgan Stanley International

Nomura International Limited

S.G. Warburg & Co. Ltd.

PKBanken

Skandinaviska Enskilda Banken

Svenska Handelsbanken

March, 1982.

SOCIÉTÉ GÉNÉRALE

French "Société Anonyme"
Capital: French Francs 1.150.000.000
Head office: 29, boulevard Haussmann, PARIS 9^e - FRANCE
Commercial Register: PARIS B 552 120 222

FIRST NOTICE TO HOLDERS OF FLOATING RATE NOTES 1981-1991 OF U.S.\$5,000

The noteholders of the international floating rate loan 1981-1991 issued by SOCIÉTÉ GÉNÉRALE are convened to an Ordinary General Meeting to be held at 50, boulevard Haussmann, Paris 9^e (France) on April 14, 1982 at 3 p.m. in order to consider the following agenda:

- Appointment of the noteholders' permanent representatives, designation of the substitute representatives.
- Determination of the noteholders' representatives' capacities and of the remuneration given to the permanent representatives.

To permit the noteholders to attend or to be represented at this meeting, the notes or their deposit receipts, must be deposited at least five days before the date fixed for the meeting, at the office of the banks having participated in the placing of these notes and from whom proxies or admission cards can be requested. This meeting shall be validly held if the holders of twenty five per cent of the outstanding notes are present in person or represented.

L'ADMINISTRATEUR GÉNÉRAL.

(Continued on Page 13)

Gold Options (prices in \$/oz.)

Price	May	Aug.	Nov.
300	13.00-13.10	13.00-13.10	13.00-13.10
350	13.00-13.10	13.00-13.10	13.00-13.10
400	13.00-13.10	13.00-13.10	13.00-13.10

Gold 225.25-225.75

Valeurs White Weld S.A.

1, Quai du Mont-Blanc,
1211 GENEVE 1, Suisse
Tél. 31.02.51 - Telex 28.205

32

a) What is/are your native tongue(s)?

(write in)

(29-34)

b) In which language(s) do you regularly read newspapers and magazines?

(write in)

(35-40)

33

In which of the following industry sectors is your company principally engaged?

- | | | | |
|---|-------------------------------|--|-------------------------------|
| Agriculture, forestry, fishing and mining | <input type="checkbox"/> (42) | Banking, insurance, financial services | <input type="checkbox"/> (43) |
| Oil industries | <input type="checkbox"/> (44) | Advertising, PR, publishing, broadcasting | <input type="checkbox"/> (45) |
| Manufacturing industries | <input type="checkbox"/> (46) | Education | <input type="checkbox"/> (47) |
| Engineering, construction | <input type="checkbox"/> (48) | Legal/medical | <input type="checkbox"/> (49) |
| Wholesale, retail | <input type="checkbox"/> (50) | Government/diplomatic/international agencies | <input type="checkbox"/> (51) |
| Export/import agency | <input type="checkbox"/> (52) | Arts, entertainment | <input type="checkbox"/> (53) |
| Public utilities | <input type="checkbox"/> (54) | Other | <input type="checkbox"/> (55) |
| Transport, tourism | <input type="checkbox"/> (56) | | |

(write in)

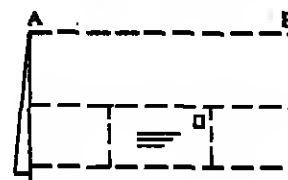
Please affix stamp

DAWN MITCHELL
RESEARCH SERVICES LIMITED
STATION HOUSE
HARROW ROAD
STONEBRIDGE PARK, WEMBLEY
MIDDLESEX HA9 6DE
ENGLAND

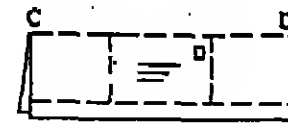
1 2 3 4

Folding Instructions.

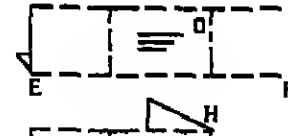
1. Fold page in half along A+B:



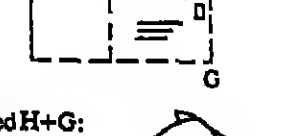
2. Fold in half again along C+D:



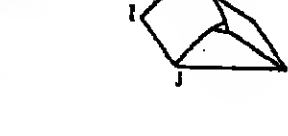
3. Fold the narrow strip E+F:



4. Fold H+G as shown:



5. Fold I+J and then tuck in aperture by previously folded H+G:



Alternatively return the questionnaire in an envelope.

Canadiens (Surprise) Are a Stanley Cup Threat

Robinson. "When I first came into the NHL, I didn't get the same kind of chances. In the past, when you made a mistake, you might not see the ice for a couple of weeks." The most significant change in Montreal probably has been be-

hind the bench, where Bob Berry now holds sway. Berry has shown faith in players like Acton, a 23-year-old sophomore center who has blossomed into Montreal's leading scorer. He's also returned variety to the Canadian attack after several years of uninspired offense under Claude Ruel.

Montreal's three-headed goaltender (rookie Rick Wamsley, second-year man Richard Sevigny and veteran Denis Herron) have shared duties, with Wamsley seemingly No. 1 heading into the playoffs. The Canadiens are headed for the NHL's best goals-

**More Sports
On Page 15**

Option & price	Calls	Puts
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[illegible]

Published every Monday, this is a compilation of senior positions published in the INTERNATIONAL HERALD TRIBUNE and other selected publications. Careerists concerning this feature can be addressed to Ivanisa Camari in Paris.

(\$1.79 million) were slashed with a kitchen knife in the National Gallery on Trafalgar Square, the gallery's director, Sir Michael Levey.

Protest at Tokyo Airport

Reuters
TOKYO — About 6,500 people demonstrated Sunday near Tokyo's Narita international airport.

	Option & price	Calls	Puts
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ՀԱՅԱՍՏԱՆԻ ՀԱՆՐԱՊԵՏՈՒԹՅԱՆ ԱՆՏՀԱՆՈՒԹՅԱՆ ԿԱԶՄԻ	12.21	11.79
ՀԱՅԱՍՏԱՆԻ ՀԱՆՐԱՊԵՏՈՒԹՅԱՆ ԱՆՏՀԱՆՈՒԹՅԱՆ ԿԱԶՄԻ	12.45	12.17
ՀԱՅԱՍՏԱՆԻ ՀԱՆՐԱՊԵՏՈՒԹՅԱՆ ԱՆՏՀԱՆՈՒԹՅԱՆ ԿԱԶՄԻ	12.83	12.07
ՀԱՅԱՍՏԱՆԻ ՀԱՆՐԱՊԵՏՈՒԹՅԱՆ ԱՆՏՀԱՆՈՒԹՅԱՆ ԿԱԶՄԻ	13.27	12.85

12.02	12.94
12.96	12.80
12.92	12.76
13.87	12.71

Week Ended March 26, 1982

2,950,700	3714	25%	31%
1,839,200	24%	25	23%
1,839,200	57%	51%	52%

Sales High Low Last Ch				
1070,413	3074	26 1/2	29	—

CH. 1

	Call	Put	Option & price	Call	Put	Option & price	Call
			AER 25	F 16	F F	21 1/2 30	3 1/4 4 1/4

GERMANY: US103-8012
Frankfurt -- Wiesbaden -- Mainz
Cologne -- Bonn -- Düsseldorf --
Frankfurt -- Wiesbaden -- Mainz

ESCORTS & GUIDE	ESCORTS & GUIDE	ESCORTS & GUIDE
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3 8 1 1

GENEVA V.L.P. Service,
Noon to midnight, Tel: 41 20 36

Figure 1. The effect of the concentration of the *Agrobacterium* suspension on the transformation efficiency of *Agrobacterium* strains. The concentration of the *Agrobacterium* suspension was 10⁶ cells/ml (A), 10⁷ cells/ml (B), 10⁸ cells/ml (C), and 10⁹ cells/ml (D). The concentration of the *Agrobacterium* suspension was 10⁶ cells/ml (A), 10⁷ cells/ml (B), 10⁸ cells/ml (C), and 10⁹ cells/ml (D). The concentration of the *Agrobacterium* suspension was 10⁶ cells/ml (A), 10⁷ cells/ml (B), 10⁸ cells/ml (C), and 10⁹ cells/ml (D).

